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NEWS SUMMARY

GENERAL

Moscow move big boost for PLO

The Soviet Union yesterday granted full diplomatic status to the Palestine Liberation Organisation, demonstrating its determination to increase support for Arabs opposed to the U.S. and Egypt.

For the PLO, whose chairman, Yasser Arafat, is visiting Moscow, it is a big step in its campaign to be recognised as the only legitimate representative of the Palestinian people.

Israel said the new status made no difference as the PLO and the Soviet Union had always had very close ties. Back Page

FitzGerald visit

Irish Premier Garret FitzGerald accepted an invitation from Mrs Thatcher to visit London in the next two weeks. Page 12

Warning on cuts

High taxes and interest rates would result if Cabinet did not agree on the scale and distribution of future public spending cuts, Ministers were warned. Back Page

Booker prize

Salman Rushdie, 34, won the £10,000 Booker McConnell fiction prize for Midnight's Children, his second novel.

Papandreou plea

Greek industrialists asked newly-elected Premier Andreas Papandreou to make known his plans to extend the public sector and make "business experiments." Page 3

Solidarity firm

Solidarity, the Polish trade union, said it would ignore a proposed government ban on strikes.

'Racist' bomb

Police detained three Arabs after a car bomb killed two and injured 100 outside an Antwerp synagogue. They said they thought it was a racist attack. Page 2

Manchester plan

Manchester unveiled a big redevelopment plan for the city centre, which it is hoped will attract more than £120m in investment. Page 11

Moderator chosen

John McIntyre, Professor of Divinity at Edinburgh University, was elected as next Moderator for the general assembly of the Church of Scotland.

Decision on PMs

A joint session of Italy's Parliament will decide whether former premiers Giulio Andreotti and Mariano Rumor should be tried for perjury arising from a 1969 terrorism case.

Sphinx crumbling

Sewage overflow from a nearby village has caused stones on the left leg of the Sphinx, near Cairo, to fall off. Men and Matters, Page 18

Press criticised

The Commission for Racial Equality criticised the Press for handling issues involving blacks as "problems," saying it reinforced racial attitudes.

Briefly . . .

Motorcyclist died in Suffolk during flooding in southern England. Weather, Back Page

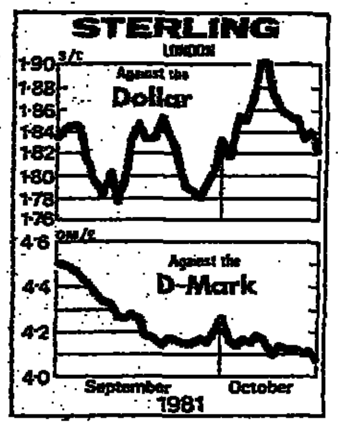
Football manager Tommy Docherty was cleared of perjury by an Old Bailey jury.

EEC membership cost £1m a day net so far, Parliament was told. Page 12

BUSINESS

Pound off 2.1c; equities up 9

● STERLING closed at its worst level of the day, down 2.1c at $1.8200 in reaction to September's UK trade figures. It finished at DM 4.0750



(DM 4.1125) and SwFr 3.4050 (SwFr 3.4300). Its trade-weighted index fell to 87.3 (88.0). Page 34

● DOLLAR was firmer at DM 2.2365 (DM 2.2325), SwFr 1.8710 (SwFr 1.8625) and Y232.75 (Y232.25). Its trade-weighted index rose to 108.3 (108.2). Page 34

● GOLD finished up $1 at $437. Page 34

● EQUITY leaders advanced as the market awaited details of the proposed Cable and Wireless flotation. The FT 30-share index closed up 9.0 at 473.3. Page 40

● GILTS improved marginally before the UK trade figure announcement, and the Government Securities index closed up 0.03 at 61.25, but the gains were eroded in after-hours business. Page 40

● WALL STREET was up 8.84 to 855.97 near the close. Page 38

● EMS membership for the UK "at the appropriate moment" would help stabilise sterling against other European currencies, Herr Karl Otto Poehl, West German Bundesbank president, said in London. Back Page

● AUEW, BL's second-largest union, promised full support for members who strike over pay from November 1. Back Page

● DAVY LOEWY, the manufacturing arm of Davy Corporation, Britain's biggest engineering contractor, and Sidermex, the Mexican state steel holding company, have reached agreement for the UK company to build a 15.4bn peso (£330m) steel platemill. Back

● NATURAL GAS pricing formula negotiations between the USSR and a consortium of West German gas importers led by Ruhrgas enter their final phase in Essen. Back Page

● SWAN AND EDGAR, the London department store, is to be sold by the Debenhams group in January because its Piccadilly Circus site is too restrictive for modern shopping methods.

● ACROW engineering group appointed Mr Norman Cunningham as group managing director and chief executive with effect from December 7. Page 33

● PATERSON ZOCHONIS group, whose main interests cover merchanting and manufacturing in West Africa, raised pre-tax profits for the year to end May from £21.78m to £29.51m. Page 28; Lex, Back Page

● F J C LILLEY, the civil engineering and building contractor, showed a rise of 28.7 per cent in pre-tax profits to £3.56m for the six months to end July. Page 30

● PEACHEY Property Corporation increased taxable profits for the year to June 24 from £3.87m to £4.7m. Page 29

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Adwest	144	+ 11
Anglia TV A	88	+ 6
Barclays Bank	410	+ 10
Bejam	132	+ 6
Bowater	212	+ 6
Brit Car Auction	71	+ 5
Brit Home Stores	115	+ 5
Ductile Steels	87	+ 6
Glaxo	396	+ 8
Hill Samuel	132	+ 5
Horizon Travel	230	+ 13
Intasun	89	+ 6
Land Securities	286	+ 6
Lilley (F. J. C.)	144	+ 9
Mercantile House	390	+ 20
Pauls and Whites	160	+ 8
Peachey Property	134	+ 8
Plessey	302	+ 10
Polly Peck	305	+ 20
Racal Electronics	402	+ 12
Saga Holidays	375	+ 32
Stand Telephones	390	+ 11
Willis Faber	350	+ 7
BP	300	+ 16
Burmah Oil	113	+ 7
LASMO	495	+ 23
Shell Trans	350	+ 16
Sovereign Oil	340	+ 20
Ultramar	480	+ 20
New Sylhet	170	+ 10
RTZ	475	+ 10
FALLS		
Mothercare	146	− 10
Assam Frontier	200	− 15
Kinross	736	− 25

FOOT CONDEMNS 2.989m JOBLESS TOTAL

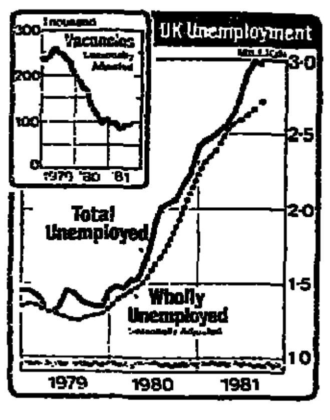
MR MICHAEL FOOT, Leader of the Opposition, last night tabled a motion of no confidence in the Government's economic policies which he said had pushed unemployment to shameful levels.

The motion condems the damaging blows to British industry from Government policy and the failure to offer hope of recovery. It calls on the Government to present to Parliament before the end of the year measures "designed to reverse the present disastrous trends." Page 12. Cabinet warned of tax rises. Back Page

The Confederation of British Industry warned that unemployment would continue to increase in the next three years. But it believes recent increases in interest rates will not have a serious impact on industry, providing sterling does not rise above its present levels. Page 8

Unemployment growth rate may be rising

BY MAX WILKINSON, ECONOMICS CORRESPONDENT



THE rate of increase in UK unemployment showed signs of accelerating in October after slowing down throughout most of the earlier part of the year.

The Government can take some bleak comfort from the fact that the overall total announced yesterday including school leavers, remained below the emotive figure of 3m at 2.989m.

This was 10,000 fewer than the mid-September figure, but the drop was considerably less than usual for this time of year. Seasonally adjusted, and excluding school leavers, the total went up by 56,000 to 2.73m, or 11.3 per cent of the labour force.

That increase is the highest since May's increase of 62,000, and compares with a rise of 30,000 between June and July.

It is not clear, however, whether the steeper rise in unemployment this month represents a change of trend or, as one official suggested "a bump along the bottom of the recession."

Optimists could find some succour from the slight increase in vacancies notified to employment offices in October, which were up 1,700 to 98,600, seasonally adjusted. Since August, notified vacancies have increased by 6,900 compared with the average for the previous three months.

UNEMPLOYMENT: SEASONALLY ADJUSTED ADULT RATES		
Country	Latest month for which figures available	Percentage of workforce
Belgium	Aug	14.9
UK	Sept	11.1
Ireland	Sept	10.8
France	July	9.8
Netherlands	Aug	9.2
Italy	July	8.6*
Denmark	June	8.6
Germany	Sept	5.9
Japan	July	2.2

* Not seasonally adjusted

Source: Department of Employment

This increase follows the slow pick-up in overtime worked in manufacturing industry, which rose to 10.4m hours in August compared with 8.8m in July and just over 8m in March. Correspondingly, the number of people affected by short-time working fell in August to 196,000 compared with 211,000 in July.

The figures take no account of the fact that 697,000 people are taking part in the Government's special employment and training measures, which are expected to cost £1bn in the current year and £1.5bn next year.

The schemes, of which the Youth Opportunities Programme and the Temporary Short Time Working Compensation Scheme are the largest, are estimated to have reduced the unemployment total by 345,000.

The figures which show the flow of people onto and off the unemployment register are still subject to distortions from the civil servants' dispute and are not seasonally adjusted.

However, they show a small reduction in the number joining the register in September, down from 312,000 in August to 305,000. The number leaving the register also decreased, however, from 263,000 in August to 253,000 in September.

In the next few months the reported figures for unemployment are expected to be reduced by the scheme which allows unemployed men over 60 to come off the register and to receive supplementary benefit instead of unemployment benefit. This could affect about 45,000 people.

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Jobless centres, Page 14
Unemployment map, Page 8

Three month freeze on industrial gas prices

BY SUE CAMERON

BRITISH GAS will freeze the prices it charges to industrial and commercial customers for three months from December 1. The decision means many UK manufacturers will find their annual gas bills in 1982 are about 3 per cent lower than expected — equivalent to £5,000 for a typical customer taking 0.5m therms a year.

The price freeze announcement came only 24 hours after the Government unveiled plans to end the Corporation's monopoly rights on gas supplies and so bring greater competition into the industrial gas sales market.

Representatives of the gas trades unions yesterday met Mr Nigel Lawson, the Energy Secretary, and later expressed their "strong opposition" to his plans to end British Gas control of gas supplies and to make it sell off its North Sea oil interests.

The unions said they were "optimistic" that their threatened strike in protest against the sale of the 900 British Gas showrooms could be avoided.

The Government still intends to pursue plans to sell the showrooms, but Mr Lawson told the unions the policy would not be implemented until 1983 at the earliest.

British Gas has started telling its industrial and commercial customers there will be no increase in their gas prices on December 1—the date when the present arrangements for pegging gas price rises come to an end. Many manufacturers feared the Corporation would push through dramatic price increases in December.

But British Gas has decided to forgo even the quarterly 1p-per-therm price rise written into the escalation clauses of most contracts.

The Corporation said it was introducing the three-month price freeze because so many of its customers were in difficulties as a result of the recession. Short-time working and factory closures caused the Corporation's industrial gas sales to fall by about 10 per cent compared with last year.

Labour threat to renationalise, Page 12
Feature, Page 26

Cable & Wireless sale proceeds

FINANCIAL TIMES REPORTER

THE GOVERNMENT SALE of just under half of Cable and Wireless to the private sector should begin today.

Kleinwort Benson, the bank acting for the Government, and the group of brokers to the issue headed by Cazenove, are expected to start approaching potential underwriters for the £150m to £200m public offer before the market opens this morning.

Once the underwriting is complete — and institutional investors appear ready to take up their allocations—preparations will begin for the public offer of 49.9 per cent of the company next week.

The Government decided to sell off Cable and Wireless to the private sector over two years ago. This year's Telecommunications Act, which met strong opposition in the Commons, empowered it initially to sell "just less than 50 per cent" of the international telecommunications group, one of the oldest Government-owned organisations.

Special arrangements have been made, as with other recent Government flotations, for shares to be made available to Cable and Wireless's employees.

Until now Cable and Wireless has operated exclusively overseas where it has become the world's largest telecommunications operator, managing telephone networks for 13 countries, telex and telegram operations for 28 countries, and a multiplicity of private installations.

Last week the Government announced that Cable & Wireless would be able to operate in the UK for the first time, when it gave the go ahead for it to set up a rival telecommunications system to British Telecom, whose monopoly has now been broken.

C & W, as part of a consortium including Barclays Merchant Bank and BP, proposes to spend £50m on a service for business users.

In the year to March C & W's pre-tax profits amounted to £62m and its net assets, on an historic cost basis, to £220m.

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Exports hold up despite strong £

BY DAVID MARSH

BRITAIN'S SURPLUS on the current account of its balance of payments fell sharply last month compared with the beginning of the year, according to the first trade figures for seven months published yesterday.

The steep fall—to a surplus of £147m, seasonally adjusted, in September from a combined surplus of £1.93bn in January and February—mainly reflects a rise in imports caused by the modest recovery in the economy this autumn.

The sharp pick-up in imports, which were heavily depressed by reduced industrial demand during the worst months of the recession, emphasises that the current account may be particularly susceptible to any sustained upturn.

On the positive side, yesterday's figures from the Department of Trade indicates that exports have held up at fairly high levels despite the strong rise of the pound earlier this year and the weakening of the world economy.

BALANCE OF PAYMENTS £m seasonally adjusted	Visible	Invisible	Current
1930			
1st qtr.	−385	−570	+185
2nd qtr.	−322	−325	+3
3rd qtr.	−620	+288	+908
4th qtr.	+1,265	−845	+2,110
1981			
Jan.	+742	+436	+1,178
Feb.	+314	+436	+750
Sept.	−13	+134	+147

Latest invisible figures partly estimated. No full figures for March to August available.

Source: Department of Trade

Exports of £4.46bn and imports of £4.45bn last month left a visible trade surplus of just £13m, down from the latest previous figure of £314m in February and the record £742m in January.

The surplus on invisible transactions last month was estimated at £134m, also well down on the figures at the beginning of the year when the surplus was boosted by EEC rebates.

The deterioration in the trade figures sparked off selling of sterling on a nervous foreign exchange market. Despite Bank of England intervention, the pound closed in London 2.1 cents lower at $1.82. It also fell against European currencies. Its trade-weighted index dropped to 87.3 from 88.0.

Continued on Back Page
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Move to defuse fear at Reagan bomb remarks

BY OUR FOREIGN STAFF

THE U.S., West Germany and Britain responded promptly yesterday in an attempt to damp down growing concern over comments by President Ronald Reagan implying that he thought nuclear conflict limited to Europe was possible.

The State Department in Washington said the President's remarks were "completely consistent" with the North Atlantic Treaty Organisation's long-standing strategy.

The West German Government denied that his comments could be interpreted as meaning that the U.S. believed in the concept of "limited war."

Mr John Nott, the UK Defence Secretary, said they contained "nothing controversial as far as I am concerned."

Reports of the remarks, made last Friday, prompted a sharp reaction in West Germany, mainly from members of the Government coalition parties.

One said they brought the effectiveness of the Western deterrent into question and increased the possibility of conflict. Another claimed the President had handed a more powerful argument to the growing European pacifist movement.

Mr Michael Foot, the Labour leader, said that President Reagan could hardly have said anything which would mobilise the anti-nuclear movement more effectively.

"It would be a nuclear war limited to us in Europe, and it would wipe us off the map," he said.

Mr Caspar Weinberger, U.S. Defence Secretary, said yesterday in Gleneagles, Scotland, where he was attending a meeting of Nato defence ministers, that he had seen the transcript of the controversial press briefing.

The President had been asked whether, if battlefield nuclear weapons were used in Europe, the U.S. would automatically respond with intercontinental ballistic missiles.

The President had replied: "I don't think so," Mr Weinberger said.

"I could see where you have the exchange of tactical weapons against troops in the field without it bringing either one of the major powers to pushing the button," Mr Reagan added.

Herr Kurt Becker, the Bonn Government's spokesman, said Mr Reagan's statement was fully in line with Nato's doctrine of "flexible response."

He recalled that Mr Weinberger recently described as "a ridiculous rumour" the idea that an East-West nuclear exchange could be limited to Europe.

The Nato flexible response strategy, dating back to the 1960s, is to maintain "an assured military capability to deter the use of force, conventional or nuclear, by the Warsaw Pact, preferably at the lowest level," a State Department statement said.

Mr Reagan's comments have stirred controversy in European capitals this week and aroused concern that the U.S. might be planning to uncouple its nuclear deterrent from allied security in Europe.

The State Department in Washington responded quickly in an attempt to allay the fear, with officials insisting there was no change in U.S. policy.

The flexible response strategy "has kept the peace in Europe since the alliance was formed and ensures that the Soviet Union could perceive no advantage in initiating the use of force at any level," the departments' statement said.

The U.S. is trying to persuade its allies to accept a new generation of nuclear weapons—572 Pershing and Cruise missiles—on their soil in an attempt to prevent gaps opening up in the ladder of escalation and avoiding the stark choice between quick surrender in Europe and mutual annihilation in an all-out nuclear war.

Anthony Robinson adds: Soivet President Leonid Brezhnev yesterday strongly criticised the U.S. President for allegedly stating that Soviet leaders "in conversation among themselves" consider that victory in nuclear war is possible.

"Among ourselves we are saying the same as that stated by me publicly at the 26th party congress, namely that it is dangerous madness to try to defeat each other in the arms race and to count on victory in nuclear war," he said.

"I shall add that only he who has decided to commit suicide can start a nuclear war in the hope of emerging a victor from it... for retribution will ensue ineluctably."

He called on the U.S. to join the Soviet Union in making "a clear and unambiguous statement rejecting the very idea of nuclear attack as a criminal one."

£ in New York

—	Oct. 19	Previous
Spot	$1.8295-8315	$1.8340-8380
1 month	0.07 dis-flat	0.05dis-0.02pm
3 month	0.05-0.15pm	0.15-0.25pm
12 months	1.15-1.35pm	1.25-1.45pm

Dutch housing market in a downward spiral

BY CHARLES BATCHELOR IN AMSTERDAM

THE DECLINE of the Dutch housing market has sucked the building industry, home-owners and the lending institutions into an apparently endless downward spiral.

After a housing boom which started in the mid-1970s and which produced annual price increases of up to 39 per cent, house prices have fallen sharply over the past three years. Developers are now engaged in a price cutting war to reduce unsold stocks. banking profits have been slashed and individual home-owners face large losses.

The collapse of the house market has come at a time when a vocal and aggressive squatters movement has woken up the authorities to the fact that one of Europe's richest countries still faces a considerable housing shortage.

The average family home which fetched Fl100,000 (£21,700) in 1975 had doubled in value by 1978. In 1979 prices began to fall—by Fl 10,000 in that year and Fl 20,000 in 1980. Prices have now returned to the levels of early 1977, an average of Fl 160,000, according to the national estate agents' association (NBM).

Five years ago demand was so great that on average only 4,000 homes were on the market. This figure has now risen to some 25,000. And while at the height of the boom a home owner had only to wait 50 days before selling his property the average delay is now four months.

Two major deterrents to the house buyer are the uncertain prospects for incomes and the high level of interest rates. Real disposable incomes have fallen for three years in succession and there is every prospect of further declines. While the wages of those in work come under pressure the numbers without a job continue to increase. Unemployment is now at a post-war peak of more than 400,000.

The average mortgage rate is now well above 13 per cent—a rise of four points on levels prevailing when the boom peaked in 1978. With most mortgages in the Netherlands granted at a fixed rate of interest for up to the first five years, the borrower may benefit if he buys at a time of rising interest levels. But the home owner who has to renegotiate his mortgage at a sharply higher rate of interest is faced with much greater monthly outgoings.

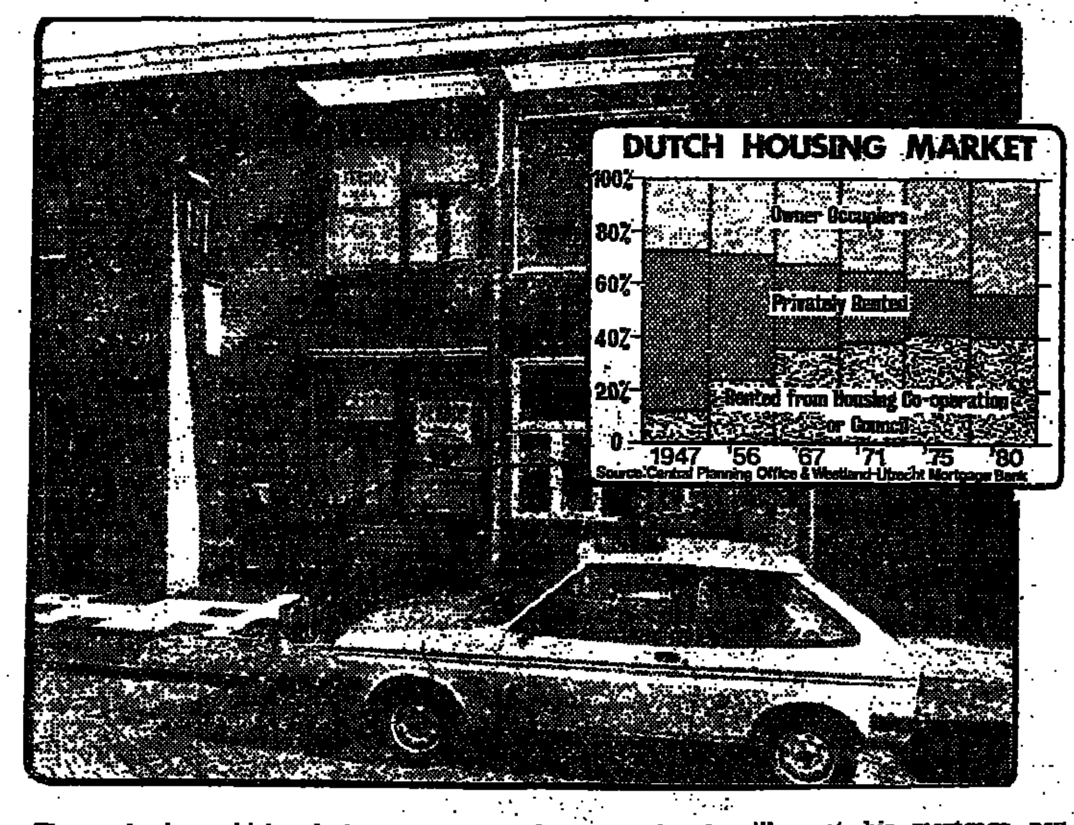
With Government controls holding many rents, in particular those for older property, down to unrealistically low levels, there is no incentive for the young couple renting a home to contemplate buying.

Demand for unsubsidised free sector housing has almost completely dried up and even state-subsidised homes are difficult to sell. The impact on the building industry has been devastating. More than one in five of the 267,000 men unemployed in August were building workers.

Growing numbers of individual home-owners are unable to keep up with mortgage repayments and the rate of enforced sales has risen. Four per cent of owner-occupiers whose mortgage came up for renewal at a higher rate of interest over the past 18 months are experiencing financial difficulties while a further 6 per cent have had to put off important purchases.

The number of those in trouble is still relatively small and the lending institutions blame factors such as unemployment rather than the high rates of interest. The home-owners' pressure group Eigen Huis has forecast a complete collapse of the market with more than 100,000 people in serious financial difficulty by the end of next year

The banks, which account for most mortgage lending in the Netherlands, have been hard hit by the sharp drop in the volume of business. New home lending fell by one quarter between the first half of 1980 and the same period this year.



Those banks which deal almost exclusively in mortgage lending have been badly shaken. The profits of Westland-Utrecht, the largest of the specialised mortgage banks, tumbled by nearly two-thirds last year and have continued to drop sharply in 1981. One, the Tilburgsche Hypotheekbank, even expects to make a loss this year while the Friesch-Groningsche Hypotheekbank foresees reduced profits.

The Bouwfonds, a property development and mortgage lending institute owned by the Dutch municipalities, recently announced a clearance sale of 300 new houses. Reductions of Fl 100,000 were offered on Fl 250,000 homes and buyers were also guaranteed cheap mortgages.

But the shock wave created by the market's collapse has spread even further. A number of the non-profit making housing corporations which own much of the country's housing stock have invested unwisely in expensive new homes which they now cannot sell. Some may even face bankruptcy.

Many municipalities provide a guarantee that a home-buyer will meet his mortgage payments, enabling the borrower to obtain a slightly cheaper loan. As more and more people default local councils are having to pick up the bill.

Hard-pressed estate agents have been forecasting a recovery practically from the moment the market started to fall and some grounds for their optimism are finally emerging. The market price of existing houses is now lower than the cost of building new, raising hopes that the forest of "te koop" boards may soon start to thin.

Ecevit breaks silence to attack generals

BY METIN MUNIR IN ANKARA

THE FORMER Turkish Prime Minister, Mr Bulent Ecevit, yesterday broke the silence imposed on former politicians by martial law and launched a strong attack on Turkey's military rulers.

He said he did not condone General Kenan Evren's 13-month-old Administration and was opposed to the sort of régime that it was preparing to give Turkey. Civilian rule is to be restored after an appointed consultative assembly of 160 has written a new constitution and Gen Evren is expected to seek election as President.

"My personal conception of democracy prevents me from approving the present mode of administration or the régime that is being stipulated for Turkey by the present Administration," he said. "I don't consider myself to be under any obligation to approve these things."

These were daring words from the 56-year-old Social Democrat, who sent the Turkish army into Cyprus in 1974. A military decree provides for severe penalties for former politicians who voice views on Turkish politics, "past, present and future."

Mr Ecevit spent a month in domestic exile after the military coup in September last year. Several months ago the authorities forced him to sever ties with a weekly magazine he founded after the coup. Mr Ecevit is also fighting several charges before a civilian court.

What prompted Mr Ecevit to speak was the decision by Gen Evren, the Head of State, last Friday to dissolve all Turkish parties. The General used the occasion to pour scorn on the politicians he ousted, whom he holds in low esteem.

The politicians were full of "hatred and revenge," Gen Evren said, and were "promising posts and favours as if they would come to power at the first election." They were also spreading lies to poison the minds of innocent citizens against the Administration.

Mr Bulent Ecevit: lone voice of opposition

Mr Ecevit said yesterday: "I never lie," adding: "I am not prepared to lie to hide certain bitter realities." Democracy cannot be achieved by disbanding political parties on the basis of personal evaluations and prejudices, nor through limiting and guiding parties in accordance with the personal leanings of those who rule the country."

Mr Ecevit is the only politician to criticise the regime openly. Mr Suleyman Demirel, who was Prime Minister at the time of the coup has remained silent although he is said to be highly critical of the régime in private. Professor Necmettin Erbakan, the Islamic fundamentalist who has just been released from jail, still faces 36 years in prison. Mr Alparslan Turkes, the former Colonel and extreme right-winger, is in prison together with other executives of his party. They all face the death sentence.

Spanish Socialists aim at responsible image

BY ROBERT GRAHAM IN MADRID

SPAIN'S Socialist Party begins its 29th Congress in Madrid today, buoyed up by the Socialist election victory in Greece.

The congress will be the party's last before the next general elections and the main concern of the leadership is to present the image of a moderate, responsible party of government.

The moderation of Spanish Socialists, even more pronounced since the abortive military coup in February, is in marked contrast to the attitude of their French and Greek colleagues. The various motions to be debated during the four-day congress outline no major programme of nationalisation or any radical departures in policy.

At most there is a threat to reserve the right to take Spain out of the North Atlantic Treaty Organisation if the present Government of Sr Leopoldo Calvo Sotelo presses ahead with its plan to make Spain a member of the alliance.

The principal figure at the congress will be the party leader, Sr Felipe Gonzalez. He has consolidated his grip over the party since the previous congress in May 1979 when he walked out in protest at his critics. They had complained that he was running the party in an undemocratic fashion and was seeking to eliminate the party's radical ideological tradition rooted in Marx.

This resulted in an extraordinary congress in September 1979 which saw Sr Gonzalez triumphantly re-elected to the leadership and the elimination of all reference to Marxism in the Socialist platform.

One killed, 100 injured by car bomb in Antwerp

ANTWERP—A car bomb exploded outside a synagogue in the mainly Jewish diamond-trading quarter of Antwerp yesterday, killing a woman and injuring more than 100 other people.

Police said the woman, aged 35, was killed instantly by the blast, which ripped a large hole in the front wall of the synagogue. Thirteen of the injured were said to be in critical condition.

A ceremony marking the end of the Jewish new year celebrations had been scheduled to take place in the synagogue 15 minutes after the bomb exploded.

Police said it was not known who planted the bomb. The Brussels Bureau of the Palestine Liberation Organisation issued a statement condemning the attack.

Witnesses said every window in the street where the bomb exploded was blown in. Windows at the central railway station, several hundred yards away, were also shattered. A black sulphurous cloud enveloped the area and it took police more than two hours to ferry the injured to hospital.

In July last year, a Jewish child was killed and about 20 people were injured in a grenade attack on a group of Jewish children in Antwerp. Two Palestinians, who said they were members of a group called the Al-Fatah Revolution Line, were arrested. One was jailed for five years and the other is due to appear before an Antwerp court later this year.
Reuter

Norwegians hope to halt oil drilling wages spiral

BY FAY GJESTER IN OSLO

NORWEGIAN drilling rig owners and contractors have agreed to co-operate in an attempt to halt a North Sea wages boom. Workers affected are the drilling supervisors (known as tool pushers) and their crews, some of whom have been earning as much as NKr 500,000 (£45,000) a year.

Drill crews and supervisors have been able to ask what they liked because there is a shortage of men with these skills. Jobs are often filled by recruitment from abroad.

Norway's high taxation helps to push up the wage which foreign workers demand, even though drill crews on mobile rigs pay tax at the lower seaman's rate. A drilling supervisor earning NKr 500,000 would receive about half after tax.

Employers have bid against one another for scarce workers but are now promising not to do so. They are also taking steps to train a number of recruits.

Apart from stopping the wage spiral, the employers hope to slow the turnover among drilling crews. Crew members move from job to job at present in pursuit of ever higher pay.

About 20 drilling ships and platforms are operating under the Norwegian flag, employing about 200 drillers and drilling supervisors. About half the latter are foreigners.

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Industry urges Papandreou to show his hand

BY RUPERT CORNWELL IN ATHENS

ANXIOUS Greek industrialists yesterday appealed to Mr Andreas Papandreou, the country's Socialist Prime Minister-designate, to make known "swiftly and clearly" his plans to extend the public sector.

The call, in an advertisement placed by the Greek Industrial Confederation in leading newspapers, came as Mr Papandreou, the sweeping victor in Sunday's general election was completing his Cabinet. The new Ministers are expected to be sworn in today.

Mr George Rallis, outgoing Premier and leader of the defeated New Democracy Party, yesterday handed in the resignation of his Centre-Right Administration to President Constantine Karamanlis. Shortly afterwards Mr Papandreou arrived to a tumultuous welcome from supporters of his Pan Hellenic Socialist Movement and entered the presidential palace to be entrusted with the mandate to form a Government.

The tone of the industrialists' declaration was conciliatory. But the proclaimed willingness for a "sustained and realistic dialogue of co-operation" with the new Left-wing Government did not mask their underlying fear of the uncertain economic prospects.

The confederation warned Mr Papandreou that without industry's help it would not be possible to tackle inflation, cope with unemployment, and reduce the balance of payments deficit, expected to reach some £1.3bn in 1981. The declaration shows that, in contrast to the foreign policy implications of Mr Papandreou's triumph, which worry international observers, it is his economic and social programme which is the focus of attention at home.

The new Prime Minister has urged private industy to work with him and has made clear that his first task will be to tackle inflation, running at 23 per cent a year. But he has also intimated that there will be major changes in the structure of the credit system, and has promised to nationalise (or "socialise") 10 major groups.

Moscow's overture studied in Peking

By David Satter in Moscow

THE SOVIET UNION has suggested a reopening of negotiations on the Soviet-Chinese border dispute, which have been in recess for more than three years.

The Chinese embassy in Moscow said yesterday that the Soviet suggestion was being studied by the Foreign Ministry in Peking, but Western diplomats see little possibility that the border talks, even if resumed, could lead to any improvement in Sino-Soviet relations.

Reflecting the fabric of hints and symbols which characterise relations between the two Communist powers, the Sino-Soviet border talks have been going on intermittently for 12 years, despite the fact that they have made no progress and the positions of the two sides remain diametrically opposed.

The Chinese position is that the Soviet Union must rectify the "inequitable" Soviet-*Chinese border as a condition* for the easing of tension, while the Soviet position is that it is ready to negotiate an easing of tension but there can be no change in the border.

The border talks, which had been held at the level of deputy Foreign Minister, with lengthy recesses over the years, were supplanted by Sino-Soviet talks on normalising relations, which began in 1979 but were called off by China after the Soviet invasion of Afghanistan.

Alain Cass adds from Peking: The Chinese Foreign Ministry said yesterday China was thinking of resuming border trade with the Soviet Union and this would be one of the items under discussion.

While Peking may be willing to reopen low-level talks with the Russians and to permit a certain amount of local cross-border trade the prospects of any far-reaching improvement in relations with Moscow seem remote.

Plugging the gap in Bonn's 1982 budget

BY JONATHAN CARR IN BONN

WITH MASSIVE understatement, the West German Economics Minister, Count Otto Lambsdorff has predicted "a not altogether easy" discussion *over the newly-emerging federal* budget deficit in 1982. It is a discussion which will be watched with particular interest by the currency markets and with concern by the Bundes*bank, the independent central* bank. The Bonn Government seems inclined to plug part of the new budgetary hole by siphoning off even more of the Bundesbank's profits than it previously intended, and by increasing its borrowing.

Neither part of this operation would help sustain current international confidence in the D-Mark.

Over the past month or two the German currency has been strengthening for two main reasons.

● The improvement in the visible trade balance, bringing hopes that the current account deficit this year will be smaller than last year's figure of nearly DM 30bn.

● The other is that the Government took tough budgetary steps during the summer, so *that its net borrowing* in 1982 would sink to DM 26.5bn after an estimated DM 34bn this year.

The Bundesbank agreed with Bonn that this action would take pressure off the capital market next year, thus creating conditions for a further fall in interest rates, an economic upswing, and greater confidence in the D-Mark.

Why then has a new budget discussion emerged, less than *two months after the cabinet* took its decisions for 1982 and before these have had a chance to go through Parliament?

The main reason is that Bonn has in the meantime revised *downwards its expectations* about economic growth for the coming year. Originally, it was hoped that around 2 to 2.5 per cent growth in real terms (after allowing for inflation) could be attained.

Now a rate of only about 1.5 per cent is felt to be more likely. This is because the economic upswing which was expected for the second half of this year—and which would have allowed 1982 to begin with a bang—has not so far emerged. The economy is virutally stagnating at a low level, despite a strong export performance.

Even the revised growth figure for 1982 still means a marked improvement on this year's performance, when the economy will be contracting in real terms. But growth of only 1.5 per cent will mean more *unemployed than expected*—probably close to an average of 1.6m instead of the previously estimated 1.4m. And that implies more Government expenditure—on the jobless in particular—and less tax revenue.

The best current estimate is that the gap emerging in next year's budget amounts to about DM 7bn: about DM 4.2bn of that through reduced revenue *and the rest through* extra spending. The main options for the Government thus seem to be either to increase taxes or to cut the budget outlay, for example by reducing some social security benefits. The liberal Free Democrat Party (SDP) is firmly opposed to the former, and its partner, the Social Democrat Party (SPD) *is against the latter.*

Mrs Thatcher is to hold bilateral consultations with *Chancellor Helmut Schmidt* on November 17-18 and not on October 29 as planned, the West German Government announced yesterday, Roger Boyes reports from Bonn. *The postponement* is caused by an important budget debate in Bonn, also scheduled for October 29. Herr Schmidt's health after heart surgery last week has also led to a spacing out of his public engagements.

Both sides may have to climb down a little. But already they feel there are other options which could ease the pressure—namely increased borrowing and calling *on* the Bundesbank for more funds.

The central bank is bound to turn over some of its profits to the Government, and is already earmarked to contribute DM 6.1bn (£1.5bn) to Bonn next year. *The Government parties* are arguing, however, that Bundesbank profits will be much more than that, and therefore more could be paid over. The figure being mentioned is an extra DM 1.7bn, *bringing* the bank's total contribution to the budget next year to close to DM 8bn. If it produces this sum, then Bonn's revenue shortfall would be cut next year from DM 4.2bn to some DM 2.5bn. This remaining sum, it is argued, should be financed through new borrowing—bringing the Government's net credit need next year up to about DM 29bn instead of the DM 26.5 estimated so far.

With that part of the operation decided on, the coalition would need to agree only on fairly modest tax increases and/or budget cuts of less than *DM 3bn in order to close the* expected DM 7bn gap.

On the face of it, Bonn has a good argument for compensating for a revenue short*fall with more borrowing and more Bundesbank funds.* The government says that a further big cut in its expenditure next year would weaken the economy further, bring even less revenue, and thus worsen the very deficit problem the strategy was designed to cure.

The danger is that Bonn's action may be interpreted as a sign the Government is not as determined to put its finances in order as it seemed to be in *the summer. The cut in the* net credit intake to DM 26.5bn in 1982 was intended to be only the first step in a policy of consistent reduction over years. The currency markets are un*likely to be impressed if* Bonn deserts its own credit target for 1982 even before the end of 1981.

Further, there are many who feel that the Bundesbank should only be paying over the kind of sum it can achieve in profit virtually every year. There is dispute over what this figure should be, but no one imagines that the bank will always be able to produce DM 8bn, or even the DM 6.1bn to which Bonn has already committed it.

A further call by Bonn on the capital market and on the Bundesbank would not neces*sarily mean a declining D-Mark* next year. West Germany's export performance and an improving current account position should help assure a stronger currency even if the Government goes ahead with the steps it is now considering. But Bonn runs the risk of squandering that extra element of confidence in the German economy and currency which it won by its own tough budgetary package in the summer.

Nato Ministers reaffirm belief in missile deployment

BY BRIDGET BLOOM

DEFENCE Ministers of the North Atlantic Treaty Organisation, meeting at Gleneagles, Scotland, yesterday, reaffirmed their belief in the need to deploy new U.S. nuclear missiles in Europe, according to Mr John Nott, the British Defence Secretary.

Mr Nott said, after yesterday morning's session of the 13-member Nato Nuclear Planning Group that there had been "no backsliding" on the commitment by the alliance to base 572 U.S. Cruise and Pershing missiles in five European countries, including Britain.

"The resolve of the alliance to go forward on the twin-track decision is absolutely firm," Mr Nott said, referring to the Nato commitment to accompany plans to deploy the missiles with talks between the U.S. and the Soviet Union about their limitation—the so-called dual decision which was reached by Nato in December 1979.

The two-day Gleneagles meeting is the last time that Nato Ministers will meet before talks on limiting so-called theatre nuclear weapons open in Geneva on November 30.

The U.S. commitment to talks with the Soviet Union on theatre weapons meant that the current meeting of the nuclear planning group was considerably "easier and more congenial" than the last, which took place in Bonn in April, Mr Nott said.

He hoped the communique at the end of the talks would provide more details of the U.S. negotiating position on both the theatre weapons talks as well as on strategic weapons talks which could start next year.

3.8% increase in French consumer spending

BY DAVID HOUSEGO IN PARIS

FRENCH household consumption of industrial products picked up in September, supporting official claims that a modest recovery of the economy is underway.

But the pace is still slower than the Government anticipated in the summer when increases in the minimum wage and social allowances were expected to give a fillip to demand.

In constant prices household spending on industrial goods rose 3.8 per cent in September after a downturn in August.

Industrial production also rose marginally in July-August according to figures published yesterday by the official statistics bureau. The index of industrial output was up 1.6 per cent in July-August over June but was still 6 per cent down on the same two months of 1980.

Insurance issue for EEC summit

BY JOHN WYLES IN BRUSSELS

MRS THATCHER is expected to ask next month's European Community summit in London to clear the way for the establishment of a common market for non-life insurance services, despite opposition from West Germany, France and Italy.

Sir Geoffrey Howe, Chancellor of the Exchequer, returned to London disappointed after the failure of a meeting of EEC Economics and Finance Ministers in Luxembourg on Tuesday to make any significant progress towards adopting a six-year-old draft directive which would remove existing national barriers to the provision of such services throughout the Community.

Even if the Prime Minister succeeds in generating some political will on the issue, it now looks unlikely that the British will achieve their aim of getting the directive adopted during the British term in the presidency of the Council of Ministers which expires at the end of the year.

Britain has used the power of the presidency to ensure negotiation on the draft at three successive ministerial meetings and the issue will be on the agenda again on November 9.

Three contentious issues remain: the extent to which national supervisory authorities should have the right to authorise the operations of an insurance company established in another member state, the degree of freedom from these regulations which should be allowed for the insurance of industrial, commercial and professional risks, and the taxation of insurance contracts.

OVERSEAS NEWS

India moves to mop up black money

By K. K. Sharma in New Delhi

INDIANS WITH secret funds are to be allowed to invest in a new issue of special Government bonds with no questions asked about the source of the money, according to an official statement yesterday.

The Government said unlimited investment would be permitted in the bonds which go on sale on December 1.

The special bearer bonds scheme was announced last February by Mr R. Venkataraman, the Finance Minister, who took credit for Rs 10bn (about £546m) from it for budgetary revenues.

However, its constitutional validity was immediately challenged before the Supreme Court, which has now declared the scheme to be legal. This removes all hurdles in the way of the owners of undeclared funds buying the bonds. The Government obviously expects substantial revenues from sales of the bonds and hence the revival of the scheme.

The 10-year tax-free bonds of Rs 10,000 will pay 2 per cent interest.

Some estimates of the "black money" in the economy rang up to Rs 120bn.

Militant Jewish settlers in attempt to stop Sinai evacuation

BY DAVID LENNON IN TEL AVIV

DOZENS of militant Jewish settlers are moving into the Israeli urban settlement of Yamit in Sinai this week, just six months before the peninsula is to be returned to Egypt and the Israeli settlements there evacuated.

The "stop the withdrawal from Sinai" movement had earlier planted 70 families in houses in Yamit and the surrounding agricultural settlements which have been evacuated in recent months by the original settlers. On Sunday an additional 15 families joined them and dozens more are expected to move in during the coming weeks.

The consequence of this belated move to Sinai could be a pitched and bloody battle between Israeli troops and the settlers as the date for the final evacuation on April 25 draws nearer. All the settlers have weapons issued by the army and some have threatened to use them to prevent the evacuation.

These "new" settlers belong mainly to the ultra-nationalist Gush Emunim (block of the faithful) settlement movement and most of them have come from the Jewish settlements on the occupied West Bank. They are backed by the Techiya political party which opposes the peace treaty with Egypt.

Some of the new settlers have described the assasination of President Anwar Sadat of Egypt as a "heaven sent opportunity" for Israel to halt the withdrawal. Many expressed optimism that the Government would now have to abandon the final phase of returning Sinai to Egypt.

The Government has taken no action so far against the "new" settlers. But a number of Cabinet ministers have pressed Mr Menahem Begin, the Prime Minister, to treat the settlers as squatters and evict them.

The Premier urged patience when the matter was raised at a recent Cabinet meeting, but at the same time categorically stated that the settlers would not be allowed to dictate government policy. The withdrawal would take place as agreed, he said.

However, some Ministers fear that the longer the Government delays taking action, the stronger the rejectionist settlers will become and the more difficult and violent will be the final confrontation.

During the earlier Israeli withdrawals from Sinai under the peace agreement, some settlers who had to be evacuated battled the Israeli army for hours before they were finally ejected and the area handed over to Egypt.

At that time the settlers used sticks, stones and boiling water against the Israeli soldiers. Those who have moved into the Yamit area now are threatening to resist evacuation with all the means at their disposal, including their Government-supplied automatic weapons.

Syrians fail to crush Moslem Brotherhood

BY PATRICK COCKBURN, RECENTLY IN DAMASCUS

A SMALL Suzuki truck drew up outside an apartment block partly occupied by Soviet advisors in east Damascus ostensibly to deliver cakes to a party of diplomats. Instead, it blew up, killing at least one Soviet advisor and wrecking the block.

The blast two weeks ago was the fourth such incident in the Syrian capital over the last two months. The most dramatic and bloody one was on September 3 when a car exploded just by the front steps of the air force headquarters, killing a number of Syrian officers, including a major general.

"I saw at least a dozen bodies being carried away," said an eye witness.

The explosions, almost certainly the work of the Moslem Brotherhood, are significant because Syrian President Hafez al-Assad seemed to have crushed the fundamentalist opposition which last year launched a wave of assassinations against members of the ruling Baath party and army officers.

The northern cities of Aleppo, Homs and Hama, seemed close to revolt. After 10 years in power the Assad government faced its severest test but by last autumn the Moslem Brotherhood and their allies were being ruthlessly rooted out all over Syria.

Now the Government is repeating its clampdown. The elite defence brigade, dressed in their distinctive brick red and green camouflage uniforms, led by the President's brother, Rifaat al-Assad, are stationed outside all the main public buildings, and the houses of members of the Government, party and army. Streets are cordoned off.

Fear of the Moslem Brotherhood and fundamentalist Moslem militants also had much to do with the very muted official jubilation at the death of Egypt's President Anwar Sadat. The group which killed him is similar to that which wounded President Assad in the middle of last year. There are a few posters showing the face of Mr Sadat being erased by a hand holding a rubber marked with the Syrian colours, with the slogan "the end," beneath his head. But, in general, Damascus is worried by any show of strength by the Moslem Brotherhood and its offshoots, whether at home or abroad

The strength of the Brotherhood in Syria is that it can capitalise on the dislike of many orthodox Moslems for the ruling Baath party, and the dominant Alawi sect from which President Assad and many of his key party and military leaders come. The Brotherhood's propaganda claims that the Alawi, who make up only about 13 per cent of Syria's population, are not Moslems at all.

Yet whatever the unpopularity of the Government, many, if not most Syrians, do not see fundamentalist Islam as providing a credible alternative to the Baath party.

At the same time President Assad's international position is stronger than it was a year ago. His refusal to withdraw anti-aircraft missiles from Lebanon in the summer when Israel was threatening to attack them, strengthened his nationalist credentials. The treaty of friendship and co-operation signed last year with the Soviet Union ensured that if war with Israel did break out Syria could hope for direct Soviet military support. And Iraq, Syria's traditional enemy, is too embroiled in its war with Iran really to threaten Damascus.

The missile crisis in Lebanon also brought Syria additional support from the conservative Arab oil producers. This is particularly important because their financial aid is crucial to Syria's economy and military strength. This year alone, defence is budgeted to take 54 per cent of the Government's ordinary expenditure, excluding investment projects, and at least one third of budget receipts are from loans and aid.

Assad: new clampdown

Opec agrees to special talks on price unity

By Richard Cowper in Jakarta

THE Organisation of Petroleum Exporting Countries will hold an extraordinary conference on October 29 in Geneva committed to reunifying oil prices charged by members, almost certainly at a level of $34.

Confirmation that a meeting would be held was given in Jakarta yesterday by Dr Marc Nguema, the Opec Secretary-General.

He announced the convening of the meeting after an hour's discussion with Dr Subroto, current President of Opec and Indonesian Minister of Mines and Energy. The decision followed intensive consultations among member states over the past two weeks.

Dr Nguema said the decision to hold the extraordinary conference had been taken "after having received the agreement of the majority" of Opec's 13 member states.

Such a meeting can be convened with the agreement of a simple majority of members. The Secretary-General was "positive" that all would attend.

Sheikh Ali Khalifa al Sabah, the Kuwaiti Minister of Oil, was quoted yesterday by Reuters as saying that all members had agreed to the meeting. A question mark, however, still hangs over Iran's attendance.

Dr Subroto would not be drawn on the likely level of price reunification, merely expressing confidence that a consensus would be reached. The level proposed by Saudi Arabia in May and August was $34 per barrel, the common price that members are now believed to be aiming at.

That would involve the Kingdom raising its reference from $32 to $34 with the other producers following the recent lead of Iraq by lowering their rates to $34.

Dr Subroto felt that there would be little problem in reaching agreement on differentials. But he would not say what the maximum might be.

The African producers of premium crudes — Algeria, Libya and Nigeria—would probably not be happy with less than an upper limit of $4, though others might argue that, in present market conditions, $3 would be more reasonable.

The other big issue to be resolved was the duration of any agreement, Dr Subroto said.

Saudi Arabia's position has been that any agreement must be sewn up in advance of any extraordinary conference. It is not clear whether its conditions also include the size of differentials and the length of a price freeze at a new reunified level.

Salisbury police arrest 700 demonstrators

Riot police in armoured vehicles arrested at least 700 striking teachers and nurses demonstrating for more pay in central Salisbury yesterday, according to officers on the scene, Reuter reports.

Trucks carried away hundreds of teachers from outside the headquarters of the Education Ministry.

Police supervising the operation said some 200 people were arrested but journalists counted about 600 men and women aboard the vehicles, singing, chanting and cheering as they were driven off. Police said 500 nurses had also been arrested outside the Health Ministry headquarters a few blocks away, where they were demanding to discuss pay rates.

Bani-Sadr aide shot

Mr Manoucher Massoudi, who was legal adviser to Iran's ex-President Abolhassan Bani-Sadr, was among 30 people reported executed on Monday, Terry Povey reports from Tehran. He appeared on State television to confess to immoral and anti-Islamic practices in the office of his previous employer and it had been expected that his life would be spared.

Canberra backs Salim

Australia has decided to back Mr. Salim Ahmed Salim, the Tanzanian Foreign Minister, to replace Dr Kurt Waldheim as Secretary-General of the United Nations, officials said yesterday, Reuter reports from Canberra. The decision was a significant gesture by a Western block country, most of which are expected to support Dr Waldheim whose second five-year term ends in December.

Parliament for Oman

Oman has announced the establishment of a nominated parliament, fulfilling a promise by Sultan Qaboos Bin Said last November to allow more public participation in Government, Reuter reports from Muscat. The Sultan has issued three decrees setting up the 45-member state advisory council, the first parliament in a country where modern development began only 10 years ago.

N Korea-Angola pact

North Korea and Angola have singed a treaty of friendship and co-operation according to the official North Korean news agency, AP reports from Tokyo. The treaty was signed by North Korean President Kim Il Sung and Angola's President Jose Eduardo dos Santos in Pyongyang on Monday.

Car sales rise

South African passenger car sales reached a record of 27,626 vehicles last month, compared with 23,649 in August, according to the National Association of Automobile manufacturers, writes Bernard Simon from Johannesburg. Sales in the first nine months of 1981 were 10 per cent higher than in the same period last year.

Tokyo gold exchange

The Tokyo gold exchange is expected to be established in December and start operations the following month, an official of Ministry for International Trade and Industry said, Reuter reports from Tokyo.

Palestine talks

Israeli and Egyptian officials meet today for the first time since President Sadat's murder for talks on Palestinian autonomy but with little hope of progress, Reuter reports from Tel Aviv. An Israeli official said Israel had no fresh proposals to make but added: "We will be watching to see if there is any shift or some new nuance in the Egyptian position."

Sabotage 'trebles' in S. Africa

By Bernard Simon in Johannesburg

INCIDENTS of sabotage in South Africa trebled in the first half of this year, compared to the last six months of 1980, the Minister of Defence, General Magnus Malan, said in Johannesburg last night.

The Minister did not specify the number of incidents, but recent targets have included Government offices, railway lines, power stations and at least one military camp. The black nationalist movement, the African National Congress (ANC), has claimed responsibility for most of the attacks.

Gen. Malan accused the leaders of Zimbabwe and Zambia of giving active support to the ANC and other nationalist movements to open "a second front" against South Africa. "Some terrorists have already tried to cross our borders," he said.

Gen. Malan warned South Africans against "a false sense of security." The authorities have taken steps recently to step up security measures at key installations, and are planning to offer tax incentives for private companies' expenditure on security equipment.

Reuter adds from Windhoek: South Africa has said that negotiations on Namibian independence had reached the stage of preliminary consultations on guidelines for a future constitution and system of Government.

Mr P. W. Botha, the South African Prime Minister, was speaking after a one-day visit to the disputed territory, during which he met leaders of the Pretoria-backed internal political parties.

A delegation of the Western contact group on Namibia, which comprises the U.S., Britain, France, West Germany and Canada, is due to visit South Africa and Namibia next week to negotiate the implementation of a peace plan based on UN Security Council resolution 435.

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Brazil faces real fall in GDP

By Andrew Whitley in Rio de Janeiro

BRAZIL'S gross domestic products growth this year will be the lowest in the country's modern history, and may even register a real fall. This will increase existing political tensions in a country of 120m people.

Central Bank estimates published yesterday confirm thepredictions of independent economists as to the depths of the recession Brazil is going through, partly as a result of government measures designed to maintain the confidence of its foreign creditors.

Provided there is a significant recovery in industrial output during the last quarter, the Central Bank thinks the increase in GDP will be somewhere between 0 and 1 per cent as against 8 per cent in 1980. GDP in 1980 totalled $200.1bn (£109.3bn), $1,664 on a per capita basis.

However there are no clear signs so far to back up the Government's optimism of an industrial recovery. In the first eight months of the year, output fell overall by 8 per cent. Pressure from industrialists for a reversal of the Government's tight monetary policies is increasing daily.

The crisis much of Brazil's economy is facing is charged with political significance. The previous lowest GDP growth figure recorded over the past 20 years was in 1963, the year before the military took over.

In an interview with the Gazeta Mercantil yesterday, Sr Carlos Langoni, the Central Bank governor, warned that there could be no let up in 1982 — an important election year — in efforts to bring the economy *under greater control*, particularly through the elimination of subsidies.

The overriding concern to the Government this year has been to break the inflation spiral and bring foreign trade into balance. These are seen as prerequisites to maintain the foreign exchange in flow needed to service Brazil's debt mountain, likely to exceed a gross $60bn in 1981.

On both these grounds Brasilia can claim success. Annual inflation is almost certain to be down to 95 per cent by the end of the year from a peak of 121 per cent in March. Furthermore Sr Langoni predicted there would be a $700m trade surplus in 1981 against last year's $2.8bn deficit.

Ian Hargreaves looks at the hard choices facing the depressed U.S. motor industry

Car workers prepare to defend their vanishing jobs

SEPTEMBER 14 1982 is a long way off, but the date is already circled on calendars in Detroit.

That is the day when the most important labour contract in America expires—the United Autoworkers Union agreement with General Motors, Ford and Chrysler.

The UAW-Big Three deal is fundamental because it sets standards which ripple through other heavy industries and critically influence labour costs affecting at least a third of U.S. industry.

The contract — a pioneering effort in many ways—was the first, in 1948, to include inflation-linked wages. It is a blueprint for future wage inflation in the U.S.

But this year the stakes are higher. The longest slump in Detroit's post-war history continues and Chrysler is alive only through Government aid and because UAW members gave up $1bn (£540,000) in wage increases.

Nine months before serious bargaining will begin, positions are already being staked out. Mr Roger Smith, GM's chairman, *has made labour costs a keynote* of several recent speeches, bemoaning the fact that GM has to pay its production workers almost $20 an hour in wages and benefits, which is $8 an hour more than the Japanese motor companies pay. With imports holding over a quarter of the U.S. car market, Mr Smith is right to be worried.

GM's *labour costs rose* 11.5 per cent in the year to June 30 and as a percentage of sales, payrolls were 29.5 per cent, up from 26.8 per cent in 1979.

"Our labour costs are about 80 per cent higher than those in the rest of American manufacturing and 80 per cent higher than those of our Japanese competitors," he says.

Mr Philip Caldwell, Ford's chairman, says his managers have been pursuing a major education campaign to inform union officials and shopfloor workers about the scale of the company's problems after its losses of $1.5bn last year.

What will happen if the UAW does not budge? "We will have to take a more global view of the matter," says Mr Caldwell. In other words, more components, even whole vehicle kits, will be shipped in from overseas.

This is what American businessmen call hard ball. The man wielding the bat is Mr Douglas Fraser, the Glasgow-born UAW veteran now in his final term as union president. "We are going to be talking job security," he says, hardly surprising in view of the decimation of his membership in the slump. Over 150,000 men are still laid off indefinitely and few will work in the car industry again.

"There are two or three possible approaches, but the one which looks most attractive to me is to have some guaranteed level of employment stated in numbers," says Mr Fraser. He accepts there would have to be an escape hatch for extra-ordinary circumstances.

Another item on Mr Fraser's preliminary bargaining sheet is a shorter working week, something the industry rejected in the 1979 negotiations because a boom in demand made this a practical impossibility.

Mr Fraser thinks the Japanese problem should be dealt with by enacting local content laws, which would require those who sell cars in the U.S. to make a certain percentage of them in the country. He was also a strong advocate of import controls, which the Reagan Administration negotiated in a milder form last spring.

Another, longer term strategy of the UAW, he says, is to pursue international trade unionism, with an eventual goal of common collective bargaining in multinationals.

Mr Fraser thinks a three-year contract, the norm since 1955, *may be too long and cites his great predecessor in the presidency*, Mr Walther Reuther, in stating the attractions to the union of profit-sharing as a basis for the remuneration systems of the future. "Reuther used to say 'doesn't it make more sense to divide the economic pie after it's baked rather than before its in the oven.' That makes sense to me," he says.

JAPAN'S LABOUR COST ADVANTAGE

	Labour cost per vehicle in U.S. $	Japan $
Car company hourly labour	1,170	497
Car company salaried staff	315	134
Components suppliers	1,255	534
Materials suppliers	171	73
Total	2,911	1,238

Source: Based on Harvard Business Review. Calculations based on production of a U.S. compact car. Exchange rate $1 = Y216

Mr Fraser says he accepts the need for improvement by the workforce, especially in such areas as absenteeism, which runs at about 10 per cent in the U.S. compared with less than 1 per cent in Japan. But he thinks the industry's average annual productivity improvement of 3.4 per cent in the past 20 years, although about 0.2 per cent less than the real increase in carworkers's pay and benefits, is creditable.

The answer, he argues, does not lie in dragging American wages down to oriental levels. He is a liberal and committed to the argument that high wages prime the economy.

Mr Fraser points out that the average Big Three manager is paid 700 per cent more than his Japanese equivalent.

The table lends support to the argument that all the fault for the labour cost gap does not lie with the UAW. In the past year the Big Three have started to demand better quality and more efficient production from their suppliers.

The main focus of the employers' attack will probably be to curtail fringe benefits, such as holidays, pensions and health care, which in a country which offers few state-funded welfare benefits make up about half the hourly paid payroll bill.

Another area of perennial concern is that of wage indexation, by which wages are increased quarterly at a rate of 0.26 per cent per 1 per cent increase in the consumer price index, the best such deal in American industry.

Adding to the complexity of the issues is the fact that for the first time for many years, the Big Three are not starting from the same base. By next summer, Chrysler workers will *be earning $3 per hour less than* their counterparts at GM.

Mr Fraser, ruminating on the difficulting he has had in holding off GM and Ford demands for Chrysler-type concessions, wonders aloud whether the union made a mistake in helping to bail the company out. Certainly he is adamant that the goal now is, in stages, to bring Chrysler back to the level of the GM and Ford contracts.

The most immediate test of the principle of one-industry/one-wage will be at Volkswagen of America, where the UAW contract expires on November 2. VW, as a newcomer to the U.S. industry three years ago, got easier terms from the UAW, but Mr Fraser insists they must match GM in the next contract. American Motors, another minnow in the industry and frequently in trouble, has also had very few concessions from the UAW.

There are a dozen good reasons why Mr Fraser must not seem weak and a dozen dangers to his own industry of playing too strong a hand.

As he says' "This is one hell of a time to be president of the UAW."

Video case may go to Supreme Court

By Our New York Staff

THE controversial issue of whether private individuals may record copyright television programmes on video machines has become a hot candidate for a Supreme Court ruling following a decision by a federal appeal court on Monday that it is illegal.

The court, in San Francisco, said video recording infringed the copyright laws and rendered offenders liable to damages.

The ruling, which has broad implications for the fast-growing home video market, overturned a lower court ruling that private individuals could record programmes for their personal use.

The right to record radio programmes has already been recognised as a specific exemption from the provisions of the copyright laws.

The case was originally brought by Universal City Studios ad Walt Disney Productions against Sony, the Japanese video recorder manufacturer, and several people involved in the retailing and promotion of home video recorders.

The appeal court said Congress did not appear to have made any special exemption from copyright law for home video users.

The court sent the case back to the lower court with a direction that the judge should consider damages and an injunction against Sony and the other defendants.

The appeal court also said that anyone involved in the manufacture, distribution, retailing and promotion of video recorders would be liable for damages if they knew that the recorders would be used to record copyright television programmes.

The ruling puts a major legal constraint on the use of home video recorders which could affect sales. It is not clear, however, whether the constraint could be policed.

Lawyers representing the defendants indicated yesterday that they were considering appealing to the Supreme Court to obtain a definitive ruling.

Observers of the case, which has been running for several years, said they had expected such an outcome.

U.S. welcomes French offer of troops for Sinai

By David Buchan in Washington

THE U.S. yesterday "warmly welcomed" President Francois Mitterrand's offer to contribute some French troops to the multinational Sinai peacekeeping force after Israel's planned return of the peninsula to Egypt next spring.

The offer made during the French leader's two-day talks in Virginia with President Reagan, is preliminary, State Department officials said. It is not a firm commitment.

The Mitterrand move contrasts sharply with previous French policy under former President Valery Giscard d'Estaing, who sought to keep a maximum distance from the U.S. Camp David peace initiative.

The 1979 Egyptain-Israeli peace treaty, plus the phased return of Sinai, are so far the only real fruit of that initiative.

Guatemalan oil pipeline sabotaged by guerrillas

BY HUGH O'SHAUGHNESSY

THE OIL pipeline which links the Guatemalan oilfield of Rubelsanto with the Caribbean port of Santo Tomás de Castilla has been holed five times by left-wing *guerrillas this year*, according to reports from Guatemala City, as insurgency rapidly escalates in the country.

Rubelsanto, which is controlled by the French state oil company Elf Aquitaine, is pumping only about 6,600 barrels of oil a day but oil production is expected to double next year and become one of Guatemala's main exports.

The guerrillas have also threatened to blow up the desulphurisation plant at Rubelsanto. The government of General Romeo Lucas is stepping up security along the 135-mile pipeline.

The threat to oil production comes as hostilities between the Government forces and members and supporters of the various guerrilla bands increase. About 110,000 Guatemalans are reported to have fled to Mexico and, according to senior *U.S. officials, the fighting* is rapidly becoming a racial war. The indigenous people, who make up the majority of the population, are increasingly siding with the guerrillas and against the Government because of what they say is ill-treatment.

The fighting in Guatemala has dimmed its economic prospects which, according to the Inter-American Development Bank's economic and social report published yesterday, include a smaller growth in the gross domestic product than last year's 4 per cent, a widening current account deficit, a worsening of central Government finances and a standstill in private investment.

Canada warned on 'losing foreign friends'

By Robert Gibbens in Montreal

MR ROLAND C. FRAZEE, chairman of Royal Bank of Canada, the largest chartered bank in the country, says Canada is "losing friends internationally at a very rapid rate" and Canadians are being called "economic pirates."

This is because federal policies to promote greater Canadian ownerships of some key industrial sectors have created the impression that Canada is trying to "devalue, dislodge and displace" foreign investment. In fact it needs foreign capital and strong international economic relationships, he said in a speech in Winnipeg.

Mr Frazee said Canada was entitled to put the country's interests first, but "we are not entitled to do so by discriminating against the interests of others or by imposing unfair and retroactive policies."

Premiers ask Trudeau to delay deadline on plan

BY OUR FOREIGN STAFF

A GROUP of Canadian provincial premiers have asked Mr Pierre Trudeau, the Prime Minister, to postpone his end of October deadline for referring the Canadian constitutional dispute to Westminster.

At a premiers' meeting in Montreal on Monday the eight who oppose Mr Trudeau's package asked for a meeting in the first week of November to seek a last-minute compromise. Mr Trudeau had suggested meeting on October 27, 28, or 29 and said he would submit his proposals for ratification by the British Parliament if no agreement is reached before the end of this month.

Mr Trudeau's proposals include the abolition of the British Parliament's existing right to make certain basic changes to the Canadian constitution upon a Canadian proposal; the adoption of a formula by which Canada will in future be able to make such changes *itself*; and the inclusion in the constitution of a charter of rights.

Of the 10 premiers, eight object to the Trudeau proposals on the last two points. The principle of making the country master of its own constitution is not in dispute.

No deep seated reasons appear to underlie the argument about the timetable — it is more a jockeying for position. Mr Trudeau is inteersted in not having his proposals delayed for longer than necessary, but for tactical reasons may wish to appear conciliatory, while the premiers appear to be playing for time.

● Mr Alan MacEachen, then Canadian Finance Minister, will introduce his budget for 1982 on November 3.

Boom times for mud, steel and ships

By Martin Dickson, Energy Correspondent

A WORLDWIDE upsurge in oil exploration is spelling boom times for the thousands of companies, large and small, which supply the drilling industry with essential services and equipment.

Amid the gloom of recession, the oil services industries stand out as notable growth areas. Exploration, for example, is providing a welcome boost to two of the sectors hardest hit by the slump—steel making and ship building.

Company results tell the story particularly dramatically. In recent months three of the largest supplies of equipment to the U.S. oil industry—Armco, Northwest Industries and Hughes Tool—have all reported first half improvements in net earnings ranging from 20 to 112 per cent.

The drilling boom began in 1979 as Iran descended into chaos and oil prices spiralled through the roof. Since then, it has been given a further boost in the U.S.—the world's dominant drilling area—by the Reagan Administration's expansive leasing policy and the earlier-than-planned decontrol of domestic oil prices.

Hughes Tool, the major manufacturer of drilling bits, estimates that this year will see an average of 5.650 drilling rigs active on land and at sea in non-communist countries—75 per cent more than in 1977. Some 3,950 of these are in the U.S.

The company predicts that 6,390 rigs will be active next year—a 13 per cent rise on 1981. Of these, 4,500 will be in the U.S.

How long can this go on, particularly in view of the current oil glut? Oil and Gas Journal, the authoritative U.S. publication, argues that the market should be able to absorb one more year of growth before demand begin flattening.

But there are few firm signs of a slowdown yet. "There's been a good deal of speculation that the 'glut' might affect the exploration budgets of the oil companies," says Mr Paul Kelly, vice president for public affairs of Zapata Corporation, the large, Houston-based oilfield services company. "But we have not seen any softening in demand for equipment and supplies to date."

Drilling a well is not cheap. In the North Sea the hire of a drilling rig alone may set an oil company back £4m to £5m and on top of that it will have to pay out about £70 for every foot drilled on equipment such as bits, steel tubing and casing and drilling fluids (known as "mud"). With each well likely to be 12,000 to 16,000 feet deep, a great deal of money is involved.

The impact of the bonanza on the various supply industries varies markedly, depending on their structure and supply/demand factors. But the highlights include:

● Steel. A particularly tight market has developed in the U.S. for tubular steel used down a well as casing (to prevent the hole caving in) and tubing (through which the oil flows to the surface).

The U.S. steel industry, suffering inadequate profitability, failed to invest in new capacity sufficiently early to meet the expanded demand and imports have now captured about 30 per cent of the market.

One of the beneficiaries is the British Steel Corporation, which expects to sell 100,000 tonnes of welded tubing and casing in the U.S. this year, compared to nothing in 1980. The oil industry generally prefers seamless tubing to the welded variety, but welded tubing is acceptable in the U.S.—particularly during a supply shortage. The market is worth about £50m to BSC and will help save jobs at its Corby and Hartlepool plants at a time when UK demand for welded tubular steel is very depressed.

BSC hopes to expand in the U.S. over the next few years but it will face increasingly fierce competition. A great deal of new capacity is due on stream in both the U.S. and Japan.

Armco, the large diversified U.S. steel company, has just announced plans for a $671m seamless tube mill which should be supplying over 400,000 tonnes a year by 1984.

It puts world demand for tubulars this year at around 7.2m tonnes, with 5.2m of that in the U.S. U.S. mills will supply 3.6m tonnes of the total. Global demand could grow to 11.1m tonnes by 1985, with the U.S. accounting for 7.4m tonnes and its domestic capacity reaching 5.2m tonnes.

Major investment is also being undertaken by other heavy equipment manufacturers. Hughes Tool has a $285m capital budget this year, up 62 per cent on 1980. Research and development activity last year by 18 U.S. oil equipment companies is estimated to have totalled $470m.

● Shipping: "We are experiencing today an unprecedented boom in the construction of seismic vessels, oilfield service vessels and drilling rigs," says Zapata's Paul Kelly.

The statistics are equally eloquent. There are 537 mobile offshore drilling rigs in the world fleet today and the number is expected to grow by 50 per cent over the next four years.

The marine transport fleet used to support the rigs and platforms—ferrying supplies to and from the shore and providing emergency assistance—includes 1,465 large vessels of 160 feet or longer. Mr Kelly says $854m has already been committed to a further 205 large vessels, due to join the fleet over the next two years.

"Both foreign and domestic shipyards are nearly booked through to the end of 1982," he adds. "During the past 18 months five U.S. shipyards have entered the market for service vessels for the first time and 13 additional marine service companies have entered the market to operate vessels."

Other analysts point out that the shipyards of North Continental Europe, which have been relatively uncompetitive recently, are now almost full of support vessel orders and UK ones are approaching the same position.

● Drilling fluids. Despite its name, "mud" is big business. It is circulated down a well to lubricate and cool the drilling bit; to flush out rock chippings and oil traces, which yield valuable geological information; to line the walls of a hole to prevent it caving in; and to provide a weight to balance the upward pressures of the formation being drilled. Mud control has become a highly skilled art.

The market was estimated at $2.4bn last year—the culmination of a 22 per cent annual compound rate of growth over the previous five years. The U.S. accounts for 65 per cent of the total.

The overall increase in drilling plus the tendency in the U.S. to go for deep gas reserves could push the growth rate up to 32 per cent a year, according to one recent study. For mud costs rise exponentially as depth increases. A deep well—beyond 15,000 feet—has mud costs of about $45 a foot, compared to $10 for one at 7,500 to 10,000 feet.

The market is dominated by four large companies—Dresser, NL Industries, Halliburton and Baker International—but there are also numerous small, independents benefiting from the boom.

One British company is BW Mud, a member of the KCA International group. Started in 1976, BW Mud now has a turnover of $20m to $25m a year, which Mr Paul Bristol, KCA's chairman, expects to double in 1982. The company's North Sea profits are at present being offset by the costs of expansion aboard, notable in Venezuela and the Middle East.

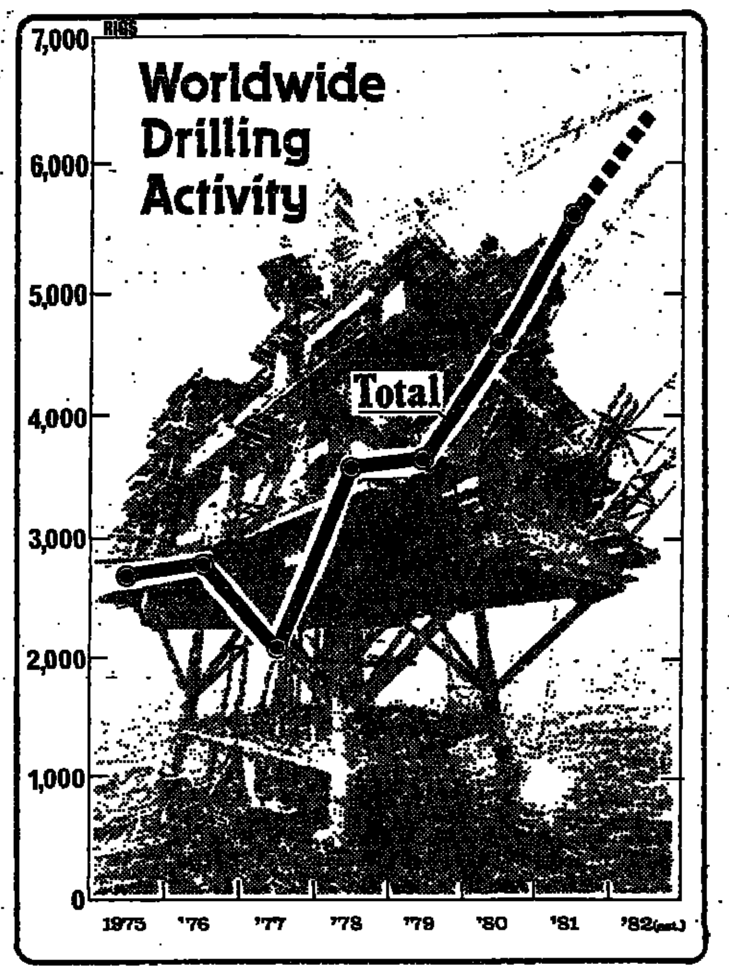
But Mr Bristol exudes confidence for the future, arguing that the rapid expansion of the mud market could one day make BW larger than KCA's substantially bigger drilling company.

BW was recently re-awarded a contract to supply Shell/Esso platforms on the North Sea—a deal seen as important in boosting the company's international credibility.

BW Mud—in common with several other companies—is doing in microcosm what the Government would like all of the UK's North Sea supply industries to do: use their experience in Britain to build up an international standing.

Mr John d'Ancona, head of the Government's Offshore Supplies Office, which helps co-ordinate UK industry's efforts to win business, would like to see Britain build up a turnkey capability which could then be exported. He points out that the UK is one of the few countries in the world that could provide a cradle-to-grave oilfield package.

But he recognises that "we've got an awful lot to do to build up and match U.S. capability. There's a hell of a mountain to climb, but we'll keep working about in the foothills hopefully."



Brana Radovic

Roger Taylor

Manoeuvring casings during drilling on the Texaco Tartan in the North Sea

COMPANY NOTICES

Talbot Samba challenges Metro on fuel efficiency

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

BL'S METRO seems certain to lose its title of Europe's most economical car with the introduction today of the Talbot Samba designed in Britain but built in France.

Talbot makes the startling claim that the Samba can achieve well over 60 miles to the gallon at a constant 56 miles an hour. The car can do well over 40 miles per gallon in urban driving, the company maintains, using a 1124 cc, 49 bhp engine.

The Samba goes on sale in France today at a cost ranging between £3,100 and £3,500 and will reach the UK early next year, probably in March.

The UK Energy Department is still testing its fuel consumption but if the figures are anywhere near those the company has already claimed the Samba will top both the Metro and the Renault R5 in the formal fuel efficiency tests.

The Metro's 998cc version has an official consumption of 58.3mpg at 56mph and 41.5mpg in the urban cycle. Comparative figures for the 1108cc R5 are 57.6mpg and 44.8mpg respectively.

Previously known by its codename T15, the Samba is aimed specifically at the high-volume small car segment of the European market. It will have a different name in the UK.

It will replace the Sunbeam which went out of production with the closure of Talbot's Linwood plant in Scotland. Last year, Talbot sold raound 21,700 Sunbeams in Britain and would expect to do better with the more-economic newcomer.

In line with the Peugeot-Citroen-Talbot group's philosophy of having its constituent companies draw from a "pool" of common components, Talbot's Samba is based heavily on the Peugeot 104.

However, although the Samba uses a considerable number of Peugeot 104 mechanical and body parts, it is 4 inches longer.

The Samba was designed and styled at Talbot, Coventry, as the Peugeot group's current practice is to have all Peugeot and Talbot cars styled there.

It is being built at the Talbot Poissy plant near Paris and is a three-door, four-seater saloon with a transverse, front-mounted engine. There is a choice of three engines, a 945cc (44.5 bhp) version, the 1124cc and performance is provided by a 1360cc (71 bhp) engine capable, the company says, of a top speed approaching 100 mph and 0-62 mph in 12.5 seconds.

There are four levels of interior trim and, later, a cabriolet version styled by Pinin Farina in Italy.

UK-Brazil orders expected

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

BRITAIN is expecting a major boost to its trade with Brazil as a result of the visit to London on Friday of Prof. Antonio Delfim Netto, the Planning Minister.

Prof. Delfim is expected to sign a wide-ranging memorandum of understanding on a number of capital projects of interest to British exporters. On Tuesday, he is to give a presentation of Brazilian economic strategies to senior figures in the City.

The hope in Whitehall is that the memorandum of understanding will prove more effective than the one signed by General Ernesto Geisel during his state visit to Britain in 1975.

This covered the building of a steelworks and rail projects, most of which have been affected by cuts in public spending in Brazil in recent years.

Brazil's imports from Britain were disappointing last year, totalling £218m, as against £286m in 1979. Brazil's sales to Britain also fell last year totalling £296m as against £400m in 1979.

The Brazilian authorities are forecasting a $700m surplus on the trade account this year.

● Kim Fuad reports from Caracas: A joint agreement signed by Latin America's three largest state oil companies—Petroleos de Venezuela, Pemex of Mexico, and Petrobras of Brazil—could lead to the creation of a multinational oil company, President Luis Herrera Campins of Venezuela has said.

Such a company could compete with the U.S. and European oil companies in providing oil technology to Latin American countries, he added.

The Oil Ministers of Venezuela, Mexico and Brazil agreed in a statement signed during a ministerial-level meeting of the Latin American Energy Organisation (Olade) to seek means for carrying out oil exploration and development programmes in Latin America.

"This is a trilateral initiative, but within the framework of Olade," Dr Humberto Calderon Berti, Venezuela's Energy Minister explained, saying that the organisation structure would be ready within three months.

Stainless steel demand 'likely to grow'

By Richard Mooney

STAINLESS STEEL demand in the newly industrialising countries is likely to grow quickly in the first half of the 1980s, according to a new report published by the Commodities Research Unit.

Despite slowing between 1985 and 1990, the average annual growth rate in these countries over the decade could be as high as 8 per cent, the $7,000 (£3,880) report says.

Demand for Stainless Steel in the 1980s, available from CRU, 31, Mount Pleasant, London, WC1.

Talks on Parana dam order in final phase

BY ROBERT GRAHAM IN MADRID

NEGOTIATIONS are in a delicate final phase for the adjudication, by the Argentine and Paraguayan Governments of a $1.6bn (£880m) contract to build a dam complex on the Parana River.

Bids were submitted more than a year ago, and three groups are on a short list—France's Dumez, Italy's Impregilo and Dragados of Spain.

The project at Yacyreta is to be financed jointly by the Argentinian and Paraguayan Governments.

The project is highly political and this could influence the choice of construction group. Reports in Madrid suggest that the Paraguayan Government favours the French group, Dumez, which has made the lowest bid.

The Argentinian Government, on the other hand, is said to be inclined towards Impregilo, part of the Fiat group with extensive interests in Argentina and South America.

Meanwhile the Spanish group, Dragados, although its bid is understood to be higher than the others, is pressing its own links with the area

Romania in deficit despite trade boost

By Leslie Colitt in Berlin

A REDUCTION in Romania's trade deficit with OECD and Opec countries this year has not led to any immediate improvement in that country's serious payments difficulties.

West German economists specialising in Comecon say Romania reduced its trade deficit with OECD countries to $100m (£55m) in the first half of this year, compared with a deficit of $500m in the same period last year.

The Romanian Foreign Trade Ministry said the improvement in the trade picture continued to the end of August, but Romania does not publish import and export statistics with its trading partners.

Last year, Romania had a $1.5bn trade deficit with Opec and OECD countries, which was a major contributor to its record $2.4bn current account deficit.

The bulk of Romania's hard currency deficit last year was with Opec countries. The Romanians imported nearly $1bn-worth more from these countries in crude oil than it exported to them.

According to Mr Ion Stanciu, a deputy Minister of Foreign Trade, Romania's oil imports from Opec this year will be between 12m tonnes and 12½m tonnes, compared with 15½m tonnes last year.

This would represent a saving of approximately $750m, according to the West German Comecon specialists. Earlier, Romania had estimated to the International Monetary Fund that it would have a trade gap this year of $1bn.

INDIA-FRANCE MIRAGE TALKS

Soviets counter with MiG-25 offer

BY K. K. SHARMA IN NEW DELHI

THE SOVIET UNION has offered to supply India with the interceptor version of the MiG-25 Foxbat aircraft as well as with the technology to manufacture the aircraft in India.

The Soviet offer coincides with the visit of an Indian Government negotiating team to France to hold what are termed as "final negotiations" with French authorities for the purchase of 150 Mirage 2000 aircraft.

The negotiations involve Mr P. K. Kaul, the Indian Defence Secretary, members of the French defence establishment and Avions Dassault Breguet, manufacturers of the aircraft.

The India-France deal has been considered a foregone conclusion for some months, but it now appears that Indian authorities are seeking better terms from the French to clinch the deal.

India prefers the Mirage 2000, but arguments against acquiring it are that delivery of the first aircraft will be made as late as 1984 and that it will be expensive at around $25m for each fighter.

The new aircraft is needed urgently since the Indian Air Force feels it has to match Pakistan's increased capabilities as a result of the acquisition of the sophisticated F-16s from the U.S., the first of which will be delivered next year.

Russia has now offered the interceptor version of the Foxbat on considerably lowers terms than the Mirage 2000 and has also promised almost instant delivery.

The Foxbat, of which India already has the reconnaisance version, is of proven ability and is thought to be suitable as a counter to the F-16s after it is fitted with modern electronic equipment.

The cost of a Mig-25 is said to be less than that of the Mirage 2000.

India's reluctance to buy the MiG-25 stems from the excessive reliance it would put on the Russians as a result. The Soviet Union has accepted an order for 120 MiG-23s, some of which are now in service with the Indian Air Force.

The MiG-23 is also to be made in India to replace the now obsolete MiG-21 and its successor the MiG-21-BIS, which are already being made in India in three factories.

The French have offered to transfer the technology to manufacture the Mirage 2000 in India. The deal under discussion involves the purchase by India of 40 aircraft built in France, another 45 built in knocked down form in France and assembled in India and the remaining 65 built entirely in India.

Talks on the deal began some months ago, but its finalisation has been delayed because of the terms and the late delivery of the aircraft. If it is to go through, both countries hope to announce the deal before Prime Minister Idira Gandhi visits France next month.

Meanwhile, Russia is to help India explore for hydrocarbons in West Bengal state and other parts of the country, under terms of a protocol signed yesterday by Mr D. Takoyev, Soviet Deputy Minister for Oil and Industry, and Colonel S. P. Wahi, Chairman of India's Oil and Natural Gas Commission.

The agreement provides for the start of exploratory operations in demarcated areas of West Bengal from next March. The two countries have also agree to draw up a long-term plan of co-operation for the development of the oil industry in India.

A group of 40 Russian specialists is to work in India in various areas of the oil industry as part of this plan.

Matsushita seeks better investment/sales balance

BY CHARLES SMITH IN TOKYO

MATSUSHITA ELECTRIC, the world's largest consumer electronics manufacturer, plans to achieve a 50-50 ration between its direct exports from Japan and its offshore manufacture.

At present Matsushita's exports are worth roughly twice as much as its overseas production.

Mr Toshihiko Yamashita, the president of Matsushita, told foreign correspondents yesterday that expansion of overseas production would help prevent trade frictions by providing job opportunities in developed countries. Matsushita plans to reach the 50-50 ratio in about five years' time, Mr Yamashita said.

Matsushita is the largest overseas investor among Japanese manufacturing companies, with a total of 34,000 workers employed in factories outside Japan.

Many of the company's overseas plants originated as assembly operations, but Mr Yamashita says that overseas companies will be encouraged from now on to produce in-house electronics components.

Matsushita also plans to step up its education programmes in Japan for overseas employees. At present, about 400 workers are brought to Japan for training every year.

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Pirelli signs £27m cable contract with Iraq

BY JAMES BUXTON IN ROME

PIRELLI cables, part of the Milan-based cables and tyres group, has signed a $50m (£27.8m) contract with the Iraqi Government to supply high-tension power cables to Iraq.

The cables will be underground 132kv cables, for a 165km network in the city of Baghdad.

The installation of the cables, which will be made in Italy, will be carried out by a subsidiary of the Pirelli group based in Britain, Pirelli Construction. The installation makes up an important part of the contract.

Pirelli Cables is carrying out an important power cables contract in Libya, and a contract for submarine power cables between Vancouver Island and the mainland in Canada. It is also to supply cable for a submarine power link between Britain and France.

Reuter reports from Rome: Iraq, which at present supplies 8 per cent of Italy's oil needs, is willing to increase its exports to Rome, Italian Government officials said.

A possible increase in Italy's current imports of 160,000 barrels per day from Iraq was discussed by Mr Saadoun Hammadi, Iraq's Foreign Minister and his Italian counterpart Sig Emilio Colombo in Rome.

Insurance watchdog group gets 961 queries

By Eric Short

THE Insurance Ombudsman Bureau received almost 1,000 inquiries from the public concerning their insurance policies during the first six months of its operation. But in most cases it could only give minimum help because the queries were outside its terms of reference.

The bureau was established this year by three major composite insurance groups, Guardian Royal Exchange Assurance, General Accident Group and Royal Insurance, to provide an independent complaints service to consumers on insurance matters. The ombudsman, Mr James Haswell, is a lawyer and operates independently of the insurance companies.

Membership of the IOB is open to all insurance companies but only eleven groups, including the three founder companies, have joined so far.

The bureau received 961 complaints in the first six months of its operation but could handle only 250. Over 500 complaints related to insurance companies which are not members of the bureau, and a further 186 cases related to third party motor claims, which the bureau does not handle.

Of the 250 cases, 32 were settled by the insurance companies without further intervention by the ombudsman, and another 55 are being dealt with.

CBI expects further rise in unemployment

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE CONFEDERATION of British Industry believes that the recent increases in interest rates will not have a serious impact on industry, providing sterling does not rise above its present levels.

But it warns that unemployment will continue to increase over the next three years, despite the prospect of a "modest recovery" in the economy next year. There is unlikely to be a significant fall in inflation.

CBI economists have studied the impact of the increase of interest rates during recent weeks. Yesterday, Sir Donald MacDougall, chief economic advisor, said: "We believe that the adverse effects of the higher interest rates will be roughly offset by the lower values of sterling."

Companies have reported that increased interest rates are leading to fresh destocking delaying investment plans. Consumer spending is also affected.

But the CBI economists believe this will be offset in the coming months by the increased industrial activity generated by the lower levels of sterling especially if there are further falls. This will not only boost exports but also will make it easier for British companies to win orders at home against foreign competition.

Detailed forecasts are likely to be made next week, when the CBI publishes its quarterly economic trends survey report.

The CBI yesterday published plans for its annual conference in Eastbourne on November 2 and 3.

Sir Ray Pennock, president, said he was determined that the conference would not be a "moan and groan" event nor a "wringing of hands with talk of desperation."

In the absence of Sir Terence Beckett, director general, who is convalescing after an illness in August, Sir Ray will face the difficult job of steering the conference into a balance between attacks on the Government for its short-term policies and support for its long-term aims.

The economists' optimistic estimates of the effects of interest rates and sterling may make it easier for Sir Ray to tone down criticisms of the Government.

He will rally the conference into an outright attack on those in the Labour Party and elsewhere who wish to pull the UK out of the Common Market. "To withdraw would be utter folly," he said.

The conference also is expected to be outspoken in its condemnation of Japanese trade tactics. Sir Ray yesterday reiterated the CBI's view that import restrictions should be placed on Japanese goods if voluntary restraint is not implemented.

Wimpey enters property timesharing market

BY ROSEMARY BURR

GEORGE WIMPEY plans to market its first timeshare property in January 1982. Wimpey is one of the first large UK building and construction engineering companies to enter this market, which has been criticised because of the lack of regulation among its operators.

Mr John Attenborough, sales and marketing manager at George Wimpey International—the subsidiary handling the project—says it is a "new and rather exciting development bringing the opportunity of second home ownership to many more people."

Under a timesharing scheme individuals buy either the right to use or the ownership of a property for a certain period, usually two weeks.

Wimpey's first development of 47 units is at Las Casitas on Lanzarote in the Canary Islands. A studio in medium season will cost £500 a week, and a two-bedroom apartment in high season will cost £2,000. Inspection flights will be available early in 1982.

● Most of Britain's leading timeshare operators have formed the British Property Timeshare Association, under the chairmanship of Lord Garnock.

Higher public spending absurd, says Goldsmith

By Elaine Williams

MR WALTER GOLDSMITH, director general of the Institute of Directors, has criticised those cabinet ministers who want to reflate the economy through increased public spending.

"It is the height of absurdity to seek to channel economic growth through a higher tax burden and the subsidisation of massive public spending projects," Mr Goldsmith said yesterday.

He also criticised nationalised industries which, he said, had generated a "pitiful" 0.17 per cent return on capital stock of £105bn.

New energy development 'slowed by poor funding'

BY DAVID FISHLOCK, SCIENCE EDITOR

THE DAY of new energy technologies such as the fast-breeder reactor and synthetic fuels will come, although they are progressing slowly, Sir John Hill, chairman of British Nuclear Fuels, assured energy executives in London yesterday.

The cause of the delay was economic, Sir John said. "People are not prepared to spend a lot of money to economise on something that is cheap and abundant."

Sir John was speaking at the inaugural meeting of the Energy Industries Club, a group of energy executives formed from the merging of the Electrical Industries Club and the Fuel Luncheon Club.

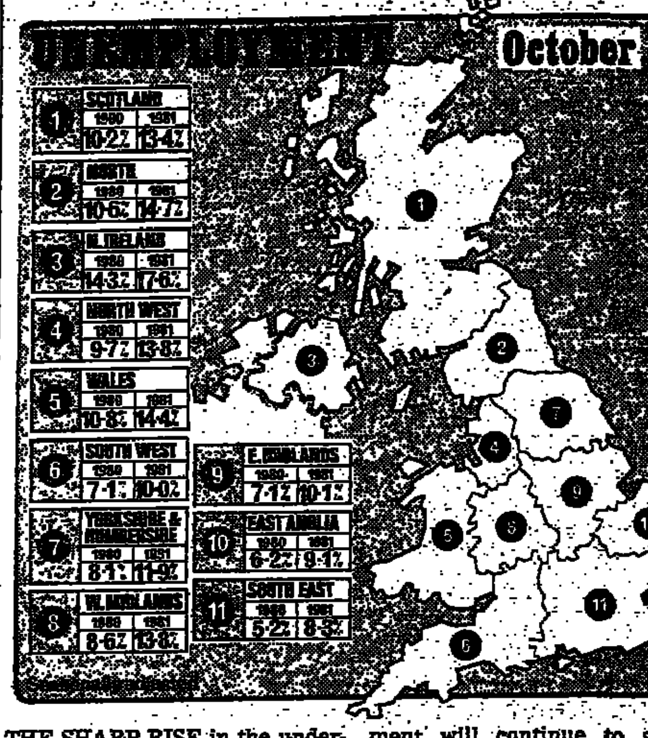
The club elected Mr William Ryder, managing director of the coal technology division of Babcock Contractors, as president.

Sir John said the merger had come about because of changing external circumstances. He forecast that the same circumstances would force changes upon the professional institutions.

Mr Ryder suggested that the Energy Industries Club would become a pressure group to have changes implemented more quickly.

Underlying jobless total rises sharply despite overall fall

BY MAX WILKINSON



THE SHARP RISE in the underlying seasonally-adjusted level of adult unemployment to 2.73m prompted a volley of criticism against Government policies from the TUC and the Labour Party.

Although the unadjusted overall total, including school leavers, fell by 10,000 to 2.99m, Mr Len Murray, General Secretary of the TUC, said: "The Government can take no comfort from this temporary kink in the relentless drive upwards of the overall jobless toll."

He said: "It would be bad enough if these figures reflected the total suffering of the nation but, as we have shown, they underestimate by at least a million, the number of jobs needed to restore full employment."

Mr Murray's comment was echoed by Mr Eric Varley, the Labour Party spokesman on employment. He said: "Only a complete change of economic policy can stop the inexorable destruction of the country's human resources."

Sir Raymond Pennock, President of the Confederation of British Industry said: "These figures are appalling. Unemployment will continue to go on rising unless we do more to get lower wage settlements, higher productivity and lower business costs."

Employment Department officials point out that unemployment, measured as an average monthly adjusted figure for the last three months, has been increasing in most OECD (Organisation for Economic Co-operation and Development) countries, in comparison with figures for the previous three months.

By this measure, the increase in the three-month moving average increase in the UK has been 5 per cent compared with 12 per cent for Germany, 10 per cent for France, 9 per cent for the Netherlands, 7 per cent for Belgium, Austria and Norway, and 6 per cent for Sweden.

Comparison of increases in unemployment, although interesting, have to be considered with caution because of the widely different rates of unemployment they refer to. The table of latest available seasonally-adjusted rates of unemployment still shows the UK far worse off than any country other than Belgium.

Visible trade surplus shows sharp fall to £13m in September

BY DAVID MARSH

BRITAIN'S VISIBLE trade surplus shrank to £13m last month (seasonally adjusted) from the unusually large figures of £742m and £314m recorded in January and February respectively, the Department of Trade said yesterday.

The seven-month gap in the figures reflects the impact of the civil servants dispute which prevented the publication of trade figures after February.

Exports rose 16.3 per cent in value between February and September, while imports rose by 26.3 per cent.

Excluding more erratic items like ships, North Sea installations, aircraft and precious stones, exports rose 15.1 per cent between February and September while imports climbed 25.1 per cent.

The surplus on invisible transactions was estimated at £134m last month, the same rate as estimated for the summer. The first-quarter surplus on invisibles was an exceptionally high £1.31bn, reflecting repayments of Britain's EEC budget contributions.

The department said Britain's oil trade surplus totalled £290m in September, up from £231m in February and £210m in January.

Reflecting the fall in sterling, the UK's terms of trade index—the ratio of export to import prices—fell sharply from 105.1 in February to 100.0 in September (1975=100).

Unit export prices (not seasonally adjusted) rose by 6.1 per cent between the two months while unit import prices went up 11.6 per cent.

According to overseas trade statistics exports to the EEC rose by 9.0 per cent between February and September, while imports gained 35.3 per cent. The corresponding figures for exports to developing countries were 8.4 per cent and 36.2 per cent. Including trade with all developed countries, exports rose 20.4 per cent while imports increased 40.8 per cent.

UK VISIBLE TRADE

	Exports £m seasonally adjusted	Imports £m seasonally adjusted	Exports Volume (1975=100) seasonally adjusted	Imports Volume (1975=100) seasonally adjusted	Terms of trade unadjusted 1975=100	Oil balance £m
1980						
1st qtr.	11,876	12,261	131.4	124.5	101.1	−95
2nd qtr.	11,915	12,237	128.5	125.8	103.4	−11
3rd qtr.	11,707	11,087	124.8	115.6	105.5	+157
4h qtr.	11,891	10,626	126.8	110.3	105.2	+222
1981						
Jan.	4,006	3,264	123.7	101.0	106.4	+210
Feb.	3,833	3,519	119.5	109.2	105.2	+231
March	na	3,253	na	101.3	na	na
April	na	3,307	na	101.4	na	na
Sept.	4,459	4,446	128.8	129.9	100.0	+290

All May-August figures not yet available.

Source: Department of Trade

Nuclear protesters ruling

MR JOHN ALDERSON, Devon and Cornwall's Chief Constable, has the authority to remove demonstrators who have occupied a potential nuclear power station site in Cornwall for six months, the Court of Appeal said yesterday.

Lord Denning said he hoped Mr Alderson, who had refused to remove the demonstrators because he felt they were not breaking any criminal law, would use his men to help clear the site.

But the Court stopped short of ordering Mr Alderson to act. Lord Denning said it was not a case in which the Court should interfere

An appeal by the Central Electricity Generating Board against the refusal of a High Court Judge to order Mr Alderson to act was dismissed.

The protestors have occupied the site at Luxulyan, near St Austell, since May.

De Lorean 'expects no difficulty' over loans

By John Griffiths

MR JOHN DE LOREAN said yesterday that he did not expect difficulty in obtaining needed extensions on £17m in bank loans which fall due at the end of December.

He intends to proceed "as quickly as possible" with De Lorean's planned share issue and restructuring in the U.S., a major objective of which is to fund development of the saloon car for launch in 1983-84.

This was despite the "tremendous damage done" to the company by the past two weeks of "scurrilous allegations" about De Lorean's affairs, which led to delay of the share offering.

He said that De Lorean, backed by nearly £80m in UK Government funds, planned to raise production of its stainless steel sports car by 50 per cent next year, lifting jobs at the Dunmurry plant near Belfast from 2,500 to 3,500 or 4,000.

The loans falling due in December were made under government guarantee by Citibank and Barclays.

Mr De Lorean said start-up hitches had made it inevitable that De Lorean would seek extensions for r epayment. The company had been profitable since August, and expected to repay them by March or April.

It was not yet possible to assess damage to the prospects of the share issue, under which a holding company would be set up and which would provide a large part of the estimated $80m cost of developing the saloon.

Tonight the company replies to the last Securities and Exchange Commission questions on the prospectus.

Mr De Lorean said of the Attorney-General's Department statement clearing the company of illegal conduct: "But at the end of the day it's like being given a certificate to say that you're sane. You're still the only one with that certificate."

Mr De Lorean said the offering needed to be made within 90 days, before the need for funds for the saloon became urgent. The car is being designed at Ital Design, Turin, and is regarded as an essential diversification.

Australia rejects Prestel service

BY PATRICIA NEWBY IN CANBERRA

PRESTEL, the British viewdata service, has ben rejected by the Australian Government.

This is a major setback for Prestel in its hopes to achieve Australian's decision is likely to benefit Telidon, the rival Canadian system.

Mr Ian Sinclair, Australia's Communications Minister, has refused to allow Telecom Australia, the telecommunications authority, permission to start up a viewdata (videotex) service. Viewdata, pioneered in the UK, allows a specially adapted television to be connected to central computer databanks by telephone.

It had been expected that two viewdata systems would be introduced in Australia, one by the telecommunications authority and one by private industry. It appears now that the first viewdata system will be introduced by a consortium headed by M. Myer, the nationwide department store chain using the Canadian Telidon system.

However, in the longer-term, Prestel may yet be introduced in Australia by private interests headed by Mr Kerry Packer, whose publishing and broadcasting interests acquired the Australian licence for the international arm of Prestel International in July.

Mr Sinclair said the provision of Viewdata services would be better left to private enterprise. Telecom would still collect revenue through the use of telephone lines.

He added that the decision to refuse Telecom permission to compete in the field had been taken in the light of the "major demands" for Telecom capital to meet its traditional responsibilities in telecommunications and the "projected adverse cash flows" of the first years of the proposed operations of Prestel.

This argument, however, will hold little weight with disappointed Telecom personnel and businesses which do not favour a private monopoly

The Myer emporium has been urging the Government for some months to eliminate Telecom from the field on the grounds that the viewdata market could be satisfied by private enterprise.

GEC, which built the central computer for the British system had intended to set up the Australian service. Telecom Australia executives envisaged going into partnership with GEC to provide the hardware for Australian Prestel.

The jobs of supplying and packaging data for the system and of supplying terminals would have been left to private enterprise under the Telecom plan.

Myer has advocated Telidon on the basis that Prestel is a first-generation system and that the Canadian system is technologically superior.

With the thwarting of Telecoms plans, Mr Packer may decide now to launch his own Prestel service in competition with Myer and Teledon.

Matsushita ready for joint Minifax venture

BY CHARLES SMITH IN TOKYO AND GUY DE JONQUIERES IN LONDON

MATSUSHITA Graphic Communication Systems of Japan, an affiliate of Matsushita Electric, has agreed in principle to set up a joint venture in Britain to manufacture Minifax low-cost facsimile machines.

It has yet to find a British partner and formal approval must still be given by Nippon Telegraph and Telephone, Japan's telecommunications monopoly which holds the export licensing rights on the machines and their technology. This is expected to necessitate delicate negotiations.

Matsushita will supply 20 Minifaxes for trial shortly to the Post Office, which plans to instal them around the country and experiment with them for internal communications.

If the year-long trial proves satisfactory, more machines may be ordered and installed in Post Offices to provide a commercial facsimile transmission service. Eventually, Minifaxes may be supplied direct to business and to private households.

But the Post Office emphasised yesterday that it has entered into no firm commitments with Matsushit. It said its plans would depend on the outcome of the trial and the results of market research it is conducting into the commercial potential of the machines.

Its plans will also be governed by the progress of discussions dut to start soon with NTT on possible marketing and manufacturing terms. NTT has been reluctant to authorise the export of the machines or their production under license in Britain without firm orders from the Post Office for large numbers of Minifaxes.

The British Government approached Japan about a year ago with a proposal for the joint manufacture of the Minifax in Britain. Talks between the two Governments have finished and Matsushita has been nominated to start detailed negotiations with the Post Office on how and when a joint venture might be launched.

Eeventually, Matsushita Graphic expects to be asked to work with a private British company—but Mr Chikayuki Kino, its president, says he has no idea whihc company may be involved.

The proposed colaboration between Matsushita and the Post Office—if it goes ahead—will be one of the most important of the ventures which Britain's Industry Department has been seeking to set up with Japan in the field of computers and communications.

Starting date set for financial futures exchange

BY DAVID MARSH

THE COURTYARD of London's Royal Exchange building, the oldest and most revered marketplace in the City, will echo next September to the trading commotion of the fastest-growing financial market of the 1980s.

The backers of London's planned financial futures exchange—which will allow forward trading in currency and interest rate instruments—yesterday announced a starting date for the scheme, and gave details of the contracts that will be traded.

A total of 400 seats will be available on the exchange to enable financial institutions, commodity brokersand speculators to cary out forward deals in short term sterling and Eurodollar time deposits, long-dated gilt-edged stocks and major currencies against the dollar.

The aim is to make and save money by taking out forward cover to lower risks on volatile foreign exchange and credit markets.

The exchange sold an initial batch of 215 seats at £20,000 each in July. Mr John Barkshire, chairman of money brokers Mercantile House Holdings and head of the City group setting up the exchange, said yesterday that the remaining seats would be sold in January, probably for around £30,000 each.

The total cash inflow of about £10m will be more than enough to finance refurbishing the Royal Exchange and setting up the market complete with the latest electronics, which will cost about £5m.

It will also finance the first year's running costs, of about £1m. The exchange would be aiming to trade 5,000 to 10,000 contracts a day to break even.

The backers had wanted to start the exchange next April. Mr Berkshire said the choice of the Royal Exchange building caused a three-month delay to require planning permission.

Mr Barkshire's group has chosen time deposits for the short-term interest rate contracts rather than certificates of deposit, which have been introduced on U.S. futures markets.

This was because time deposits gave a better basis for market interest rates.

Dealing will be in amounts of £250,000 for the short-term sterling interest rate contracts, $1m for Eurodollars, and £50,000 for the gilt contract. Contract sizes for the four currency contracts (all against dollars) will be £50,000 for sterling, DM 250,000 for D-Marks, Y250m for yen, and SwFr 250,000 for Swiss francs.

Building societies get new watchdog

By William Cochrane

MR MICHAEL BRIDGEMAN is to succeed Mr Keith Brading as chief registrar of Friendly Societies in early December. The chief registrar is the Government-appointed watchdog over the affairs of the building socities.

Mr Bridgeman who unlike his predecessors is not a lawyer was an under-secretary at the Treasury. The Friendly Societies Act 1981 removed the previous statutory requirement that the chief registrar must be a barrister of not less than 12 years' standing or a person who had held office of assistant registrar for not less than five years.

This was done to give the Chancellor of the Exchequer the widest possible choice of candidates for the post.

Figures show rise in construction orders

THE DEPARTMENT of the Environment said yesterday that total new orders for construction work in Great Britain received by contractors in the three months June to August 1981 were 17 per cent higher than in the previous three months and 21 per cent higher than in June to August 1980.

Merchant navy carries on shrinking

BRITAIN'S merchant fleet is continuing to shrink in size. The flet suffered a net loss of 17 vesesls totalling 600,000 dw tons in August. This brings to one-third the total tonnage disposed of since 1976, according to figures from the British Council of Shipping.

Underwear makers owe over £1m

CREDITORS are owed more than £1m by Lovable and Pagan, the Cumbernauld-based ladies underwear company which went into receivership on Monday with Barclays Bank one of its major creditors.

Study completed on anti-ship missile

BRITISH AEROSPACE has completed a private venture study of the P5T ship-launched sea skimming anti-ship missile. The new missile is based on the Sea Eagle air-launched anti-ship missile

UK NEWS

Warning on local government finance

By Robin Pauley

FAILURE by the Government to reform the system of local government finance properly, rather than cosmetically, will hasten the end of local government and herald the beginning of muncipal socialism and the corporate state, a Conservative MP warned yesterday.

Mr John Heddle, MP for Lichfield and Tamworth, told the Rating and Valuation Association's conference in Torquay: "Overnight, councils will become agents of the state and councillors will become puppets and pawns of central government. Reform must be structural, not decorative and must reconcile central government with local democracy and local accountability."

Mr Heddle suggested that education, police and fire service salaries should be transferred from local to central government and that the amount of local expenditure funded by central government grant should be cut.

He also called for tax relief for domestic ratepayers, water rate rebates for the disabled and low-income earners, abolition of rental values as the basis of rate assessment, mandatory five-yearly revaluations, and the rating of Crown properties in the same way as all other properties.

Mr Heddle wants legal aid to be available to domestic ratepayers who wish to appeal against rating assessments and the one-year time limit for rating appeals to be abolished.

His most controversial demand is for industrial de-rating. But failing that, void rating on commercial and domestic properties should be abolished, "moth-ball" relief should be introduced for commercial and industrial premises and all industrial and commercial ratepayers should be allowed to pay their rates by instalment, he said.

Mr Heddle also called for the rent and rate elements of the "rent bill" for council tenants to be listed separately, although arrangements to pay both at the same time should be preserved.

Ratepayers' group takes council to court on supplementary levy

BY ROBIN PAULEY

WEST MIDLANDS Ratepayers' Federation is taking Walsall Council to court alleging that a 14p supplementary County Council rate is "ultra vires, illegal and insupportable in law."

The supplementary rate has been levied by the Labour West Midlands county council on all the district councils in its area—Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton. Councils faced with a supplementary levy from the higher tier authority have to pay the amount from their own resources, or recoup the amount paid by a supplementary rate on their own ratepayers.

The supplementary rate is being challenged on two grounds:

● that it is to be used to pay for a West Midlands county council cut of 25 per cent in bus fares costing £7.3m for the rest of 1981-82 and £12.6m next year. This is alleged to be "invalid because it is wholly beyond the power of the county council, not in accordance with ordinary business principles, and Walsall council is not entitled to make a rate to pay for such a scheme."

● it is to be used to pay for a county council plan to give free bus passes to the unemployed at a cost of £3.9m for the rest of this financial year and £7.8m next year. This is alleged to be beyond the county council's powers because it confers a benefit on a limited class of inhabitants and, again, is not in accordance with business principles.

Both expenditures are said by the federation to be unnecessary, wasteful and illegal, creating an additional burden on the ratepayers which no efficient council, with due regard for economy, would create or condone.

The challenge to the supplementary rate is being made under section 7 of the General Rate Act 1967 and the case is expected to be heard in Birmingham Crown Court. The action is in the name of two ratepayers, Mr Tony Jarvis, a company director, and Mr Peter Fisher, who runs a small business. The federation says the action is being financed by voluntary contributions from organisations and individuals throughout the country.

The ratepayers say the supplementary rate means an extra £40 on the average domestic rate bill, £1.50 a week on council rents, £2 a week on rates for each employee in shops and the possible loss of 6,000 jobs in shops, commerce and industry in the county.

The federation has also launched a petition, with a target of 200,000 signatures, which will be sent to the Queen demanding government intervention.

The organisers say: "Ratepayers now have little confidence in the ability of both Walsall and the West Midlands county council to manage their affairs in a proper manner."

They add that the burden may be "even worse" in Labour-controlled Birmingham, Wolverhampton, Coventry, Walsall and Sandwell because local rate increases are expected in addition to the county supplementary levy.

Company car policies surveyed

BY JAMES McDONALD

A LARGE employer is twice as likely to operate a definite "Buy British" policy for company cars than a smaller organisation.

This implication emerges from a survey of company car policies and practices of more than 180 organisations in Britain by Moxon Dolphin and Kerby, London, recruitment consultants.

The survey showed that 56 per cent of the companies had a firm "Buying British" policy for cars. This proportion rose to 80 per cent among the larger organisations employing over 1,500 but fell to 40 per cent among those with smaller workforces.

It was found that almost every company—95 per cent—gave cars to directors, with 84 per cent allowing cars to senior management earning £10,000 a year or more. Less than 30 per cent gave cars to junior managers or executives earning less than £10,000 but every participating company that employed sales staff (78 per cent of the total) provided cars to sales representatives.

About one-fifth of the large organisations said they allocated cars only to people who demonstrated that travelling was an essential part of their job. None of the small companies made this proviso.

The major change forecast in company car policies over the next few years was a move to smaller and cheaper car models—about 36 per cent of the sample. The next most likely change, predicted by 23 per cent, was an extension of the car policy to more employees by lowering the basis of eligibility.

Only 10 per cent said changes would be dependent on government policy or tax laws.

Predictably, companies in the consumer goods sector attached much greater importance to the use of a car as a recruitment tool than those in other sector—33 per cent compared with only 9 per cent in the general engineering sector.

When business mileage was the crucial factor, about 10,000 miles per year was the average figure quoted which would represent the minimum level to qualify for a car, with larger companies more likely than smaller organisations to allot cars on a business mileage basis.

About 50 per cent of companies allowed senior management to choose their cars within specified cost limitation, and within the "Buy British" proviso where it existed, but only 15 per cent extended this policy to executive and sales staff.

It was almost universal practice to provide new cars for senior management but 20 per cent gave used cars to junior management and 17 per cent used cars to salesmen.

"The Company Car in the 1980s," Moxon Dolphin and Kerby, 178, Great Portland Street, London, W1; £66 plus VAT.

Pupils' guide on money management

By Eric Short

AN EDUCATIONAL pack* covering all aspects of personal money management has been published by the Life Offices Association and the Associated Scottish Life Offices.

The pack includes a teachers' handbook, pupil work-books, work sheets and a board game.

It has been produced by Mr Ken Gulliver, headmaster of Blakelaw School, Newcastle-upon-Tyne, and other teachers, and is aimed at pupils aged 14 and upwards.

** Details from Schools Liaison Officer, LOA/ASLO Information Centre, Buckingham House, 62-63 Queen Street, London, EC4R 1AD.*

Public house licensees 'need to improve service'

BY GARETH GRIFFITHS

THE STANDARDS of service and management by many public house licensees needs to be improved, according to the British Institute of Innkeeping, an organisation set up by the brewing industry with the aim of introducing a national training scheme for the country's 75,000 public house licensees.

The institute is being funded and backed by the Brewers' Society, the National Association of Licensed House Managers, the National Union of Licensed Victuallers and the Hotel and Catering Industry Training Board. It will run examinations in conjunction with the City and Guilds scheme.

The institute says the licensed trade should have its own professional organisations setting minimum standards of training and experience if it is to establish itself on an equal footing with other managerial occupations.

Chairman of the institute is Mr Hugh Hunter-Jones, also chief of the Hotel and Catering Industry Training Board.

The licensed trade believes that standards in public-houses will have to improve to meet the growing competition from the take home trade.

Ebbw Vale to make 'pioneer' robots

By Robin Reeves, Welsh Correspondent

A FACTORY making robots is to be set up by Pendar Technical Associates at Ebbw Vale, South Wales, it was announced yesterday.

The project involves a total investment of £500,000 and is backed by the Welsh Development Agency with a £75,000 shares and loan package and by a £150,000 grant from the Welsh Office Industry Department.

Pendar says its "Placemate" robot represents a breakthrough in robotic design.

The company predicts it will capture at least 10 per cent of the British robot market with Placemate, which will be one of several products from the factory.

Meanwhile, the WDA has allocated a further seven advance factory units in Clwydd, North Wales, to businesses which are expected ultimately to employ 70 people.

Social services responsibilities redistributed

Financial Times Reporter

MR NORMAN FOWLER, the new Social Services Secetary, has reorganised the allocation of responsibilities in his department since taking over from Mr Patrick Jenkin.

Dr Gerard Vaughan, Health Minister, deals with policy and day-to-day administration of the health and personal social services, assisted by Mr Geoffrey Finsberg and Lord Elton. Mr Finsberg will also be responsible for census matters and Lord Elton will deal with all the department's business in the House of Lords, taking special interest in children's services, the mentally i., and the mentally handicapped. He will be helped by Lord Cullen.

Mr Hugh Rossi, Social Security Minister, has day-to-day responsibility for social security and special responsibility for the disabled. He will be assisted by Mrs Lynda Chalker and Lord Elton.

Mr Fowler has appointed Mr Sidney Chapman, MP for Chipping Barnet, as his Parliamentary Private Secretary, the post he held when Mr Fowler was Transport Minister.

Manchester's £120m prestige plan

BY NICK GARNETT, LABOUR STAFF

A HUGE redevelopment plan for the centre of Manchester was unveiled yesterday. The Metropolitan County Council hopes it will lead to more than £120m of investment to revitalise part of the inner city area, and will create new business and leisure facilities and stimulate the local economy.

The catalysts for the development would be a £15m exhibition centre and indoor arena, followed by a luxury hotel of more than 300 bedrooms and a sports and recreation club.

These developments, planned for the site of the old Manchester Central Station, would be expected to stimulate further private commercial investment for the full development of the 26-acre site over ten to 15 years. This would involve further leisure facilities, refurbishing an existing building as a conference centre and providing more offices and shops.

The scheme is the result of a joint study by Greater Manchester County and Commercial Union Properties, the property arm of Commercial Union Assurance.

The project, which would link up with redevelopment schemes already underway in the city, is designed partly to emphasise Manchester's regional and national importance. But Mr Michael Fenton-Jones, chairman of Commercial Union Properties and project director, said it was not intended to compete with the National Exhibition Centre in Birmingham.

The company and county officials appear to be reasonably confident that despite the financial squeeze on companies, the private sector would react positively to the stimulus provided by an exhibition centre.

The whole project hinges on converting the train hall into a 10,000 square metres exhibition centre. Mr Fenton-Jones made it quite clear that much of what was proposed in the study could not be justified unless commercial interest was stimulated.

The study envisages half the money for the exhibition centre coming from private sources—equity capital, risk money and borrowing. About £7m would be public money, made up of some £3m from the Government's Inner City Partnership fund, as well as from ratepayers. Officials hope that work on the centre would start by late next year and that it would be operating by 1985-86.

The centre would operate for about 150 days a year for the first three years of its life, rising to about 250 in the fourth year.

The study says that in the long term, the centre could generate a local income of £8m a year and support 1,300 jobs.

The hotel, also costing about £15m and, like the sports club, privately-run, would involve the conversion of the Great Northern Warehouse.

Manchester's Bellevue exhibition centre is due to close down in 1982 or 1983. The Manchester Chamber of Commerce and Industry welcomed the redevelopment plan yesterday as realistic. But it expressed concern at the timetable for completion of the exhibition centre, with the Bellevue closing date in mind.

"Those three years without any *exhibition facilities could be* disastrous for Manchester." Mr Hamish McDonald, the Chamber's president said.

Science parks aim for high-tech support

BY ELAINE WILLIAMS

TWO science parks are planned for Scotland and the North West to attract high-technology companies to these areas.

Wirral Borough Council has set aside 50 acres of land at Upton in the Wirral. The Scottish Development Agency is seeking planning permission for a site in Glasgow.

The Wirral site is costing about £750,000, although the council hopes eventual investment will be up to £20m and will result in the creation of thousands of jobs.

The council says any company moving to the area will be able to draw from the resources of the university and polytechnic in Liverpool while the nearby countryside and social amenities should attract highly-skilled people.

Unemployment in the borough is more than 19 per cent—and almost 50 per cent in some black spots in Liverpool

The Scottish Development Agency hopes to create more than 500 jobs with the West of Scotland science park in Glasgow.

The SDA says total development could be up to £6m, and it has received inquiries from organisations and individuals in areas such as medicine, pharmaceuticals and computers.

Dr George Mathewson, chief executive of the SDA, said yesterday the science park would "help to encourage commercial exploitation of the many research projects conducted in Scottish universities."

Over the past few months there has been great interest in setting up science parks in the UK, based on several successful ventures in the U.S. notably in California

Science parks are usually near universities and other scientific research establishments. Researchers are encouraged to set up their own companies or to work with high technology companies that set up nearby.

The first science park was set up in Cambridge. Birmingham, Peterborough and Tyne and Wear are already committed to supporting high technology in this way and the Greater London Council is considering setting up a science park.

Shops urged to promote cheese more

BY GARETH GRIFFITHS

THE £600M UK cheese market needs a greater variety of products if consumption is to approach the much higher levels of the Continent.

British retailers, therefore, should make greater promotional efforts to sell cheese, according to a report on the cheese industry.

The report, published yesterday, by Dairy Crest, part of the Milk Marketing Board, is timed to coincide with the launch of a mild soft blue cheese, Lymeswold.

Dairy Crest, which accounts for a quarter of cheese produced in the UK, found that 90 per cent of British households buy cheese every month with consumption last year up by 3 per cent.

However, the British eat less cheese per head than people in any country in Europe other than Ireland. French per capita cheese consumption, for example, is nearly three times as high as that in the UK. Last year, the UK consumed an estimated 353,000 tonnes of cheese, of which a third was imported. The average household consumed 39.51 ounces a month.

The report highlights a relatively limited range of English cheeses. Most housewives know of only a few cheeses by type. Cheddar accounts for 67 per cent of all British cheese consumption. The report says the British housewife has "remained consistently loyal to Cheddars" when faced with an impressive array of foreign cheeses.

Cheshire cheese is the second most popular type of cheese on sale, holding some 8 per cent of the total market. Dairy Cream argues that, if cheese sales are to be boosted, there must be a greater use of territorial cheeses such as Cheshire, Double Gloucester, Leicester and Lancashire.

NMB

Nippon Miniature Bearing Co., Ltd.
Kitasaku-gun, Nagano Prefecture
Japan

4 % DM Convertible Bearer Bonds of 1979/1986
Security Index Number 464 461
Adjustment of Conversion Price

The Board of Directors adopted the following resolution:

Issuance of 8,000,000 new shares at an issue price of Yen 690.– per share of Common Stock with a par value of Yen 50.–. Issue date was September 25, 1981.

As a result of this capital increase the previous conversion price of Yen 655.90 for the convertible bonds was adjusted in accordance with the Terms of Issue.
The conversion price effective from September 25, 1981 is Yen 651.70 per share of Common Stock with a par value of Yen 50.–.

Munich, in September 1981

On behalf of
Nippon Miniature Bearing Co., Ltd.
BAYERISCHE VEREINSBANK
Aktiengesellschaft

UK NEWS—PARLIAMENT and POLITICS

Labour threat to renationalise oil assets

By Margaret van Hattem, Lobby Staff

THE NEXT Labour Government will renationalise any assets of the British National Oil Company sold off by the present Government. Mr Michael Foot, the Labour leader, announced yesterday.

"We shall fight with every power in our being to protect British interests, and we will restore to British control everything you give away," he told Mrs Margaret Thatcher during the Prime Minister's question time.

The Opposition appears to have been taken unawares when plans to sell off to the private sector BNOC's crude production business and the British Gas Corporation's North Sea oil interests were announced by Mr Nigel Lawson, the Energy Secretary, on Monday. The sale would raise an estimated £1.3bn to £2bn.

The initial response of Mr Merlyn Rees, Labour energy spokesman, went little further than to promise opposition to the enabling legislation.

But Mr Foot's office yesterday made it clear that Labour would take back into public ownership any sold assets and that any subsequent rise in their value—due, for example, to higher oil prices—was unlikely to be compensated fully.

Earlier, Mr Tony Benn, a former Labour Energy Secretary, said the Government's proposals would be disastrous for British industry. He predicted that major multinational oil companies, particularly American ones, would scoop up the newly released oil fields, depletes them quickly and divert supplies out of Britain, causing sharp domestic price rises.

The Government's existing controls over offshore oil development would be in? adequate, he suggested, because private investors would not come in unless they could develop immediately and at their own rate.

Moreover, the Government was selling off its assets at the bottom of the market. The present oil glut would not continue indefinitely, he said. Once the world economy began to pick up and oil prices to rise, the value of these assets would soar—but the British public would be deprived of the benefit.

Foot plans censure vote on jobless

BY IVOR OWEN

UNEMPLOYMENT will be the spearhead of an Opposition challenge to the Government's economic policies in the Commons next week, **Mr Michael Foot**, the Labour leader, announced yesterday.

In a Question Time clash with the Prime Minister, Mr Foot maintained that a reduction of 10,145 in the unemployment total for October gave no indication of a sustained improvement in what he described as the "terrible and shameful" figures.

With support from the Tory back benches, Mrs Thatcher argued that an improvement which had prevented the numbers out of work reaching 3m was worthy of a more appreciative reception.

"I had hoped you would welcome the very small reduction in total unemployment," she protested.

The Prime Minister stressed that there were other good signs —a fall in the number of people on short-time working, an increase in the numbers working overtime and an increase in manufacturing output.

Giving notice that the Opposition would table a motion of censure against the Government, Mr Foot accused Mrs Thatcher of omitting the most serious statistic of all—an increase of 56,000 in the seasonally adjusted unemployment total.

"You will not be able to conceal the facts from the country much longer," he insisted.

Mr Foot also contended that still higher unemployment was likel yto result from the cuts in public expenditure programmes which the Cabinet had discussed earlier in the day.

How many more people would lose their jobs, he asked, if the Government's medium-term financial strategy was preserved?

The Prime Minister pointed out that discussions on the level of public expenditure normally took place at this time of year whatever government was in office.

The outcome, she reminded Mr Foot, was usually made known at the time of the Budget.

Mr Dennis Canavan (Lab Stirlingshire W) claimed the unemployment figures underlined the "blatant lies" told at the last election when the country was assured that a Conservative Government would bring shorter dole queues.

As the Government intended to use referendums to ask electors if they approved of the actions of local councils why not ask the country if it wanted to sack the Prime Minister for betraying 3m unemployed people?

Amid laughter, Mrs Thatcher answered: "As I do not propose to do that, the point does not arise."

The Prime Minister agreed with **Mr Eldon Griffiths** (Con Bury St Edmunds) that the supplementary rate resulting from the policies of the Labour-controlled Greater London Council would rob people in London of jobs.

FitzGerald to visit London

By Margaret van Hattem, Lobby Staff

THE NEXT Anglo-Irish summit will take place in London during the next two weeks, the Government confirmed yesterday.

The Prime Minister's office announced that the Irish Prime Minister, Dr Garret FitzGerald had accepted Mrs Thatcher's invitation to come to London, and that talks would concentrate on the work carried ut by the five Anglo-Irish study groups set up a year ago.

The marketing, the first at this level since Mrs Thatcher's meeting last December with the former Irish Prime Minister, Mr Charles Haughey, also represents the first ministerial meeting since the recent Cabinet reshuffle, when Mr James Prior replaced Mr Humphrey Atkins as Northern Ireland Secretary.

Co-operation

While both sides are playing down the content of the talks and insisting that they are not expected to produce a new political initiative, the Irish Government appears optimistic that Mr Prior's appointment may be the prelude to a period of much greater co-operation between the two governments.

His speech to the Conservative Party conference last week appears to have been well received in Dublin. It laid great stress on the need for more economic aid to Northern Ireland, and hinted at renewed attempts to devolve political political powers.

Warning on Dutch gas subsidy

BY IVOR OWEN

BRITAIN MAY seek the intervention of the European Court if the unfair advantage gained by Dutch horticultural growers through subsidised gas prices is not eliminated, **Mr Alick Buchanan-Smith**, Agriculture Minister of State, warned in the Commons yesterday.

He looked to the EEC Commission to produce effective proposals this week, and promised MPs that, if they failed to materialise, "we shall certainly press very strongly whatever action may be needed."

Mr Buchanan-Smith, reporitng on the talks held by EEC Agriculture Ministers in Luxembourg on Monday, welcomed the fact that the Commission had recognised that action to deal with the preferential gas tariff available to Dutch growers needed to be taken immediately and could not be delayed until the 1982 heating season.

The strength of feeling on the issue in all quarters of the House was emphasised by **Mr Roy Mason**, Labour's shadow Agriculture Minister, who pointed out that 231 MPs of all parties had signed a parliamentary motion condemning the increasingly unfair competition faced by British glass-house growers.

Replying to questions from supporters of the animal welfare lobby, Mr Buchanan-Smith surprised the House by revealing that a complete return to "free range" production would lead to an 80 per cent increase in the price of eggs.

"The Government does have responsibilities towards the needs of consumers as well," he said.

Miss Janet Fookes (C., Plymouth Drake) had contended that the animal welfare lobby would be satisfied with nothing less than the orderly phasing out of the "battery system" of egg production.

Mr Buchanan-Smith reported that he had told the EEC Agricultural Ministers that, in Britain's view, after a reasonable transitional period the cage area for each battery hen should be increased to 600 sq cm.

Opposition defeated in bid to tighten Companies Bill

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

A LABOUR attempt to drastically reduce the number of small companies who will be allowed to file modified accounts at Companies' House was defeated in the Commons last night.

The Companies (No. 2) Bill, which was going through its report stage, aims to ease the burden of small companies by simplifying the accounting requirements.

The amendment proposed by **Mr Stanley Clinton Davis**, one of Labour's trade spokesmen, tried to tighten the requirements so that fewer companies would qualify for this treatment.

But the House rejected the amendment by a majority of 47 (142-189).

Mr Davis said that the information contained in the accounts was important to trade unionists, creditors and the public. The bill would put a mask over accounts in future.

"I don't believe that is right," he said. "Secrecy is a bad criterion for management."

But **Mr Reginald Eyre**, Under Secretary for Trade, accused him of "exaggerating terribly." Mr Eyre said that the overall package met the concern of small companies, while still catering adequately for others who had an interest in the accounts.

Prison death statement by Whitelaw soon

MR WILLIAM WHITELAW, the Home Secretary, is to make a statement "as soon as possible" on the death of Barry Prosser at Winson Green Prison, Birmingham, last year.

He said in a written reply yesterday to Mr Christopher Price, Labour MP for Lewisham West: "I understand that the matter is under consideration by the Attorney-General, and it would not be proper for me to comment further at this stage. I will make a further statement as soon as possible."

Birmingham magistrates dismissed murder charges brought against three warders at the prison, deciding that there was insufficient evidence to send them for trial.

Snipers make it tough in the trenches

LIFE IS TOUGH in the front line trenches of the Tory Party these days.

Mr Norman Fowler, the new Social Services Secretary, has hardly taken his place on the Government front bench yesterday before the Opposition was calling for his resignation.

Mr Norman Buchan, Labour's social services spokesman, had wanted to offer congratulations on Mr Fowler's promotion (indignant Labour shouts of "he doesn't deserve it!").

But, said Mr Buchan, such pleasantries would have to wait until Mr Fowler clarified his attitude to the "monstrous" possibility that the Cabinet was planning to cut sickness and unemployment benefits.

Audacity

Unless Mr Fowler could give an assurance that he would prevent this happening he should take the honourable course and resign.

The audacity of these tactics knocked the breath out of Mrs Lynda Chalker, Under Secretary for Health and Social Security.

"At least give him a chance" she protested.

There was also a fascinating little scene involving the Minister for Health, Dr Gerard Vaughan, a man whose cool and imperturbable demeanour has never been shaken in the House.

On this occasion, however, startled MPs actually witnessed him losing his temper.

It was rather as though the benign doctor Kildare of the old TV series had suddenly blown his top and started screaming at the nursing staff.

Credit for this achievement must go to Dennis Skinner, Labour's bovver boy from Bolsover.

He put the boot in with a suggestion that if Dr Vaughan was really concerned about the unemployed he would resign if the Government allowed unemployment benefit or supplementary benefit to fall behind inflation.

"I am deeply concerned," shouted Dr Vaughan across the Despatch Box.

"In no way will I accept these implications."

Calming down a little he advised Mr Skinner to wait and see what Mr Fowler did before drawing any conclusions.

Ragged nerves

After this display of ragged nerves Prime Minister's Question Time passed off surprisingly quietly.

The House was in a subdued mood and Tory and Labour back benchers seemed to be licking their wounds after the internecine quarrelling of the conference season.

Above it all loomed the shadow of the Croydon North West by-election.

Mrs Thatcher rather desperately clung to the reduction of 10,000 in the latest unemployment figures, while Mr Michael Foot announced that the Opposition would put down yet another censure motion.

This device has became rather a habit with the Opposition leader.

The last censure motion on July 27 was not a very impressive affair. Nevertheless, the old unilateralist retains a touching faith in this multi-megaton parliamentary weapon.

John Hunt

Alliance threat draws big guns to Croydon

BY ELINOR GOODMAN

THE CAMPAIGN for tomorrow's by-election in Croydon NW reached its climax yesterday amid signs that in the last few days Labour may have been losing more support to the Liberal/SDP alliance than the Conservatives.

Yesterday, with the bookies still making the Liberal favourite, both Labour and the Tories were claiming they had a chance of beating the alliance.

Labour sent in its leader, Mr Michael Foot, two shadow Cabinet Ministers, and 30 MPs of very different opinions, united—in this instance—in their concern at the prospect of a Liberal victory.

The Tories, who throughout the campaign have been playing things on a much lower key than the other two parties, fielded the reassuring figure of their deputy leader, Mr William Whitelaw, a handful of junior ministers, carloads of anxious "mutual aiders" and a penitential cavalcade of half-a-dozen Tory dissidents.

For its part, the alliance brought in the Liberal leader, Mr David Steel, Mr Bil Rodgers and Mrs Shirley Williams, as well as such lesser known refugees from the Labour Party as Mr David Ginsburg and Mr Bob Mitchel, who were in danger of going unrecognised amid the hordes of Liberal canvassers.

In the last three days over 3,000 Liberal and SDP supporters have poured into Croydon, jamming the garden paths of suburbia and deluging letter-boxes with leaflets.

Yesterday, the newcomers were rationed to half an hour's "bundling" of leaflets each, and at 3.30 there was an acute shortage of literature.

All the parties agree that the result still looks like being very close.

Yesterday, the polls were still showing the Liberals ahead with the Tories apparently doing rather better in the past few days in holding on to their hard core of supporters than Labour.

Labour denied it had been losing out to the alliance, but Mr Foot was careful not to promise a victory. Sitting beside the tired and slightly downcast Labour candidate, Mr Stan Boden, Mr Foot said Mr Boden had "every chance" of winning, and that he deserved to win.

In the last three days over 3,000 Liberal and SDP supporters have poured in, jamming the garden paths of suburbia

If he did not win, Mr Foot said, delphicly, it would not be Mr Boden's fault but the "situation in the background."

Mr Foot did not explain what he was referring to "in the background" but it is clear from the conversations of the other candidates on the doorstep that Mr Ken Livingstone the Labour leader of the GLC, is in the background of ratepayers' minds.

Today, the Tories are expected to launch one last attack on Mr Livingstone, who they evidently regard as there most effective weapon.

Yesterday, they brought in one of their rather less reliable weapons, in the shape of six members of the Blue Chip Club of Tory MPs, who two weeks ago shook the boat before the Tory party conference by demanding a change of course.

Yesterday, they behaved impeccably and managed to bring themselves to repeatedly urge the voters of Croydon to vote Conservative, even though from the point of view of the arguments raging within the Conservative Party at Westminster a Tory win in the by-election would be the worst possible outcome for the wets.

In the afternoon, the Tories took Sir Horace Cutler, the leader of the Conservative opposition on the GLC, out canvassing to give the electorate the benefit of his personal experience of Mr Livingstone.

While the Tories are playing the Livingstone card as hard as they can, it is clear that they regard the Liberals as the real threat to their tenure on a seat which they have held since 1948.

Their latest pamphlet dismises the SDP as just another form of socialism.

Privately, Labour agrees that the real danger in Croydon is the SDP, though yesterday Mr Foot took advantage of his trip to the constituency to attack the unemployment figures.

From a purely tactical point of view, Labour has probably been denied a few hundred votes by the way yesterday's total again fell just short of 3m.

But it did not prevent Mr Foot describing the situation as a "national catastrophe."

But Labour was concentrating most of its energies on attacking the alliance, or the SPD as Mr Foot dubbed it.

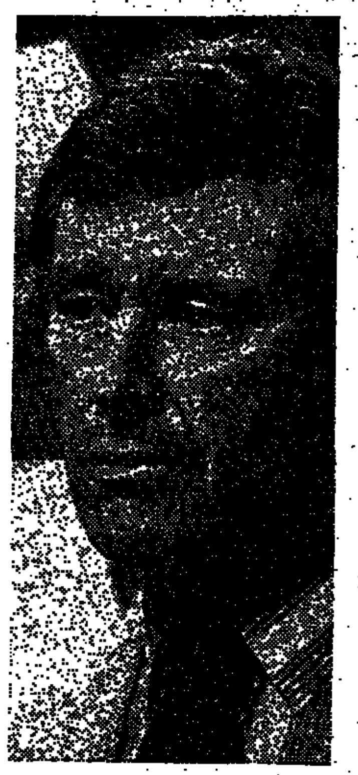
The party, he said, had no real policies and could not be regarded as a serious alternative.

The same line was being put across on the doorsteps by the 30 Labour MPs.

Meanwhile, the alliance, which has put out more pamphlets during the campaign than the other two parties put together, was distributing a final issue of "Focus" telling the electorate that they had the opportunity of "making history" in the by-election.

After no less than five canvasses of every household they now claim to have identified the potential Tory and Labour voters as well as the Liberals. Yesterday, the would-be Labour voters were being wooed with special pamphlets saying that the only way of giving Mrs Thatcher a shock would be to vote Liberal.

Another pamphlet going out to Conservative households, warned "the election is not yet won. There is still a danger of Labour pipping the new alliance at the post. The votes of Conservatives, it said, could well be decisive.



Stan Boden

Last night, all the parties had their big guns in town for a last round of meetings. Today most of the stars move out and the main preoccupation of the three leading parties will be how to get out their votes tomorrow.

Offshore tax Bill rejected

AN ATTEMPT by Mr George Foulkes (Lab, Ayrshire S.) to introduce a Bill to restrict the transfer of funds from companies registered in the UK to Channel Islands or Manx subsidiaries was rejected by 151 votes to 134, a majority of 17.

Mr Albert McQuarrie (Con, Aberdeenshire E.) opposed the introduction of the Bill and told MPs: "I hope the House will see it as a publicity stunt which has no substance or merit and will leave the Channel Islands and the Isle of Man to get on with their own affairs."

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UK NEWS—LABOUR

Split widens between AUEW appeal court and executive

BY OUR LABOUR STAFF

THE Amalgamated Union of Engineering Workers, Britain's second-largest union, faces fresh constitutional difficulties over the relationship between the union's executive council and its final appeals court. This follows a separate internal wrangle over last year's presidental election.

The divisions between the Left-led court and the Right-dominated executive have been apparent for some time, and could come to a head.

The 11-member appeals court meets annually to provide interpretation of the AUEW engineering section's complex rule-book and to hear any members' appeals against executive council decisions. It has asked Sir John Boyd, the union's general secretary, to recall the court and convene a meeting between its members and the full executive to examine the appeal court's powers.

There are long-standing differences over the executive's dismissal of two union research officers, and over the cour't decision last week that the union journal, contrary to rule, carried material supporting Mr Terry Duffy's campaign for presidential re-election.

Sir John said yesterday he was preparing a report on the court's decision on last year's election, and no action would be taken until it was ready.

The court and the executive are to example two additional cases.

The first is over an appeal made by Mr B. P. Kelly, from Doncaster, one of the candidates standing in thé current elections for the union's north-eastern executive seat.

It is claimed that Mr Kelly's references in his election address to the case of the sacked research officers were deleted without his consent. An emergency application was made to last week's court, on the grounds that the ballot count was taking place. The court decided there was a printa facie case for an appeal.

However, the executive did surrounding the case, which not forward the correspondence under rule is necessary for the appeal to proceed.

The second case concerns Laurence Scott, the Manchester-based mining equipment company. The union executive negotiated an agreement to stave off closure of the plant, which was rejected by the workforce but then imposed upon them. Official recognition of the dispute, including disputes benefit, was withdrawn.

An appeal was made to the court, but again the correspondence was not forwarded. The executive argued that the issue was a matter of policy rather than rules.

Both these fresh constitutional difficulties and the disputed presidential election come as union activists await the outcome of a crucial round of elections for posts including the general secretaryship and four executive seats.

The results of the first ballots are expected on November 10.

Strange bedfellows at the jobless centre

Brian Groom looks at how Tories and Trotskyites are linking to help

THE CONSERVATIVE Party and groups like the Militant Tendency are such rare bedfellows that eyebrows must be raised when they form even the most circumspect of liaisons.

This has happened at the Brighton Unemployed Workers' Centre, one of the more successful centres resulting from the TUC's campaign to set up such establishments.

There are now 85 of them nationally, ranging from part-time voluntary advice offices to full-time centres mounting campaigns and providing educational courses. The spur to their growth is the overall unemployment of 2.989m, with the seasonally adjusted adult total still rising.

Brighton's trades council, with a strong representation of the Militant Tendency — a Trotskyist group on the far left of the Labour party — was co-founder of its centre with the Workers' Educational Association. The Tory-controlled local authority provided the premises.

This arm's length relationship may get a little closer. The centre, like others, is applying for full-time workers paid out of Manpower Services Commission funds under the Community Enterprise Programme. The guidelines for this provide for local councils to be represented on management committees.

So emotive is unemployment, and so keen are people of diverse opinions to deplore it, that co-operation is not uncommon. A number of Tory councils, as well as Labour ones, have provided premises and a few employers have donated equipment. A sprinkling of far left groups is involved in many centres.

The issue is powerful enough to have galvanised the TUC, sometimes accused of being slow and bureaucratic, into setting up as many as 85 centres in the 11 months since it decided on the programme. It is aiming at 100 by Christmas.

The centres are criticised from some quarters for being little more than window-dressing. Mr Mick Connolly, a Transport and General Workers' Union official seconded to the TUC to organise centres in the South East, concedes there is something in the criticism when applied to some of the part-time voluntary centres. But the initiative is still in its early days.

Brighton Centre, opened in June in offices behind a disused warehouse awaiting eventual demolition, is a model of its type. It has a creche; it has run a course on the economics of unemployment, welfare rights and organising the jobless; it has a women and unemployment group; and it provides welfare advice. More than 100 people a week use the centre.

It has begun the kind of outside work many organisers see as essential if an impact is to be made. When 500 workers were to be made redundant at the nearby ITT Creed plant, the centre set up a welfare desk in the factory.

"Eyebrows are raised when you talk about unemployment in Brighton because the South East gives an impression of affluence," says Mr George Pope, one of the centre's main organisers. Male unemployment in the Brighton travel-to-work area is 11,249, or 14.4 per cent.

Centres have been set up in areas with relatively low jobless rates as well as the unemployment blackspots. The South East, with 35 centres in operation and another 15 in the pipeline, accounts for nearly half the national total.

One problem facing the centres—and a main reason why there is a need for them—is that the post-war break-up of communities can make unemployment a particularly isolating experience.

Brighton has good relationships with local job centres, and is trying to publicise itself by arranging free tickets to pop concerts to be offered to unemployed.

Political, campaigning activities take place in the distinct but closely allied Brighton and Hove Unemployed Union, which has 180 members. It is seeking free bus passes for the jobless, free access to council leisure facilities and a council programme of public works.

The centre has experienced "inevitable" political differences among its users, says Mr Pope. "Some thought we should concentrate on making unemployment more bearable while others thought we should be out every day petitioning and sloganising."

He said that the MSC-funded full-time workers would not be involved in anti-government political activities.

Two sorts of people tend to use the centres: those who were union activists while in work, and those simply in need of help. Brighton, a university town, also has a high graduate involvement.

A balance of aims is hard to achieve. "Seventy per cent of the unemployed were never in trade unions. The centres mustn't be exclusive clubs for trade unionists," said Mr Connolly.

The centres vary widely in size, scope and emphasis. Brighton has not yet concentrated on teenagers, having heard of problems at other centres. The Rochester centre, to cite an extreme example, was smashed to pieces by its youthful clients.

The TUC is now encouraging centres to take on MSC-funded full-time workers who can extend services. Many centres work on a shoestring, relying heavily on donations from local unions.

Organisers hope the need for centres will be temporary, and that unemployment will eventually fall.

Tanker drivers step up campaign

BY BRIAN GROOM, LABOUR STAFF

LEADERS of tanker drivers and other manual distribution workers in the oil industry have stepped up their attempt to win double-figure pay rises by refusing further meetings unless BP, Shell, Esso and Texaco raise their offers of about 6.7 per cent.

The Transport and General Workers' Union has called a delegate conference for Friday to discuss the next move. Mr Jack Ashwell, the union's national commercial transport secretary, said negotiators saw no point in further meetings while the offer was at that level.

"There is an intense feeling among the members," he said. He accused the four companies of taking part in a campaign orchestrated by the Confederation of British Industry to limit settlements to at least half the level of last year, which for the tanker drivers was about 14 per cent.

Texaco on Monday became the last of the four big companies with November settlement dates for this group of workers to offer about 6.7 per cent on basic minimum rates.

The Texaco offer applies to about 1,000 workers and would raise the basic weekly minimum for drivers of the largest vehicles, as at the other companies, from £105 to £112.

Average earnings for the Texaco drivers, including overtime and shift payments, are about £152 a week.

Many prefer pay cuts to lost jobs

By Our Labour Staff

FACED with the choice of a wage cut or unemployment, 56 per cent of workers would accept the cut, says an opinion poll by NOP Market Research.

Interviews with 2,000 adults showed that white-collar workers were readier to take a cut than manual workers, and 51 per cent of trade union members interviewed said they would do so.

Journalists' fines cut on appeal

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE APPEALS tribunal of the National Union of Journalists has reduced swingeing £750 fines imposed on three members who refused to strike to £250 each—but ordered that they should be suspended from the union for one year.

The three journalists—Mr Christopher Goodall, deputy editor of the Islington Gazette, Miss Julie Isherwood and Mrs Caroline Holland, both reporters on the same paper—had refused to carry out a union instruction to strike in a dispute between the union and the Gazette's owner, the North London News group.

They had all appealed against a disputes committee judgment that they be fined £750.

Mr Goodall said yesterday that while the fines were substantially reduced, the imposition of one year's suspension meant that the "sentence" was heavier. He and his colleagues would be forced to abide by decisions in which they could play no part.

Asked if he would now leave the NUJ, Mr Goodall said: "I think so. No free man in a free society can accept the penalty of suspension. Its only purpose is to muzzle the moderates." Mr Goodall said he believed his two colleagues would also leave the union.

BBC video tape editors' dispute

THE DISPUTE between striking video tape editors and the BBC which threatens the corporation's output will move to the Advisory, Conciliation and Arbitration Service tomorrow.

The dispute began nine days ago, when editors in Newcastle refused to work after their union, the Association of Broadcasting Staffs, claimed they were not being paid the correct rate.

Plessey plant strike vote

BY OUR LABOUR CORRESPONDENT

HOURLY-PAID workers at Plessey's office systems plant at Beeston, near Nottingham, have voted to go on all-out strike if the company carries out its threat to make 400 of them redundant.

The 1,700 manual workers are already striking every Monday in protest against a 4 per cent pay offer made in local negotiations.

The issue at the centre of the 400 redundancies is new technology. The Beeston plant is switching over from electro-mechanical to electronic equipment.

Mr David De Lacy, the shop stewards' convenor for the hourly-paid workforce, said that the unions had proposed a scheme under which redundancy payments were improved, and any member of the workforce could apply for voluntary layoff.

The company said that it could not comment while talks were still going on. The action over the pay claim had been "completely unofficial," it adde.

Civil Service talks go on

BY OUR LABOUR STAFF

CIVIL SERVICE union leaders continued yesterday to try to reach agreement on a central pay claim for all 540,000 staff involved.

No formal agreement has yet been found, but the unions seem to have accepted that this year's claim should be presented as an interim one, pending the outcome of the Megaw inquiry into future pay determination.

The claim will take account the 21½ pe rcent target of one of the unions but is also likely to note that lower rises are due for many grades.

However, the unians are aware that hopes of a common calim could be shattered if the Government replies as expected with separate offers to individual groups.

Union leaders also agreed to try to finanlise their evidence to the Megaw inquiry by November 3, and to present it by November 13.

TECHNOLOGY

EDITED BY ALAN CANE

Reading machines for bank and office

BY ALAN CANE

OPTICAL CHARACTER recognition systems, devices which scan a typed or printed text and translate the letters and figures into the electronic impulses computers understand, are coming of age.

Introduced as a way of speeding input to large computer systems, they were delicate, demanded exacting standards from the original text, and were frequently dyslexic.

Now the problems of making machines with an eye for a good book, document or text are being overcome. The Japanese company Totec, the data entry systems division of Tokyo Keiki, is launching an optical character reader which can read either a single font, or up to six separate fonts intermixed.

It will read the two standardised optical character recognition fonts OCR-A and OCR-B and a host of other fonts beside—Courier 72, Prestige Elite 72, Courier 12 and Pica 72.

The machine, the TI-5000, is desk-top-sized and costs less than £7,000 in the UK, where it is marketed by Mitsui Computer, the data processing and office equipment arm of the giant Mitsui Corporation.

Mitsui is already using OCR machines as input for its telex switching system. It reckons the new machine could be used as input to a word processing system, automatic dialling system, electronic mail, communications switching, electronic mass filing and data entry for data processing.

According to Mr Hiroshi Shimizu, UK manager of Mitsui Computers, the improvements have been the result of combining microprocessor technology with an advanced form of image sensing device in the reading head known as a *charged couple device*. This is a form of semiconductor memory which can store large amounts of information while consuming very small amounts of power. Chains of potential wells are coupled so that the charges move in a smooth and disciplined manner from one well to another.

Mr Shimizu said: "For the first time, the operator of OCR equipment does not have to be concerned with the selection of font, typing pitch and line spacing. All he has to do is feed the original documents into an auto feeder."

By 1983, Totec expects to have cracked another of the obstacles to progess in OCR, the problem of characters the machine simply cannot decipher. The TO 5500, now in development, functions either as a OCR scanner or as a facsimile machine. If the machine is presented with a character it cannot recognise in OCR mode, it simply switches to facsimile mode and captures the image of the errant character.

Mitsui, a massive trading concern with deep roots in the UK more comparable with the mighty *Mitsubishi Industries* than a conventional electronics giant like, say, Hitachi, is building a stable of office products to be marketed to end users and to other equipment manufacturers.

Its offerings are based on its own experience in building up world-wide office information systems.

The chief obstacle in OCR is the problem of getting a machine to recognise handwritten, undisciplined input. Mr Shimizu says that Totec is carrying out development work, but products are some way off.

(There are, of course, devices from Quest Automation among others which will put in handwritten data directly to a computer; the problems of recognising hand-written information are quite different).

The UK market leaders in machine character recognition, OCR Scandata, the wholly-owned subsidiary of ScanData Corporation of Pennsylvania, offers a system which reads handprinted characters.

(It is not alone in this; seven of the 22 firms marketing document readers in the UK offer handprinted input of at least one of their models.)

The Scandata 2280/1 is one of the most advanced of the new generation of OCR systems with document reading rates of up to 750 a minute, page-reading rates of up to 2,400 an hour and a whole range of techniques to handle poor-quality characters and documents.

It is a big system intended as a main feed to a mainframe computer (compared to the Mitsui device which is very much an office machine). The 2280/1 costs in the region of £155,000.

Where large OCR machines can best make their mark is in the massive sorting operations which take up so much time in the financial world.

The major banks already have sorting halls filled with advanced 20-pocket reader/sorters which make it possible to sort cheques overnight in as little as six passes. In the clearing banks, all that machinery is IBM; but a whole new market worth probably £5m in the UK is opening up as the banks move to automated credit clearing next year.

The chief contestants, in addition to IBM, are to be Scandata, Burroughs and REI. Scandata has already installed two of its new on-line reader sorters to Barclays Bank—used for Barclays to Barclays credits; the machine meets the standards laid down by the Interbank Research Organisation for the handling of credits.

The banks are expected to announce soon their choice of equipment for this next stage in the development of the bank of the future.

Screen-based aids for designers

THERE HAVE been two recent announcements of screen-based computer aided design systems, one a relatively modest 2D draughting system from Racal Redac of Tewkesbury (0684 294161), the other a more comprehensive design system with 3D graphics.

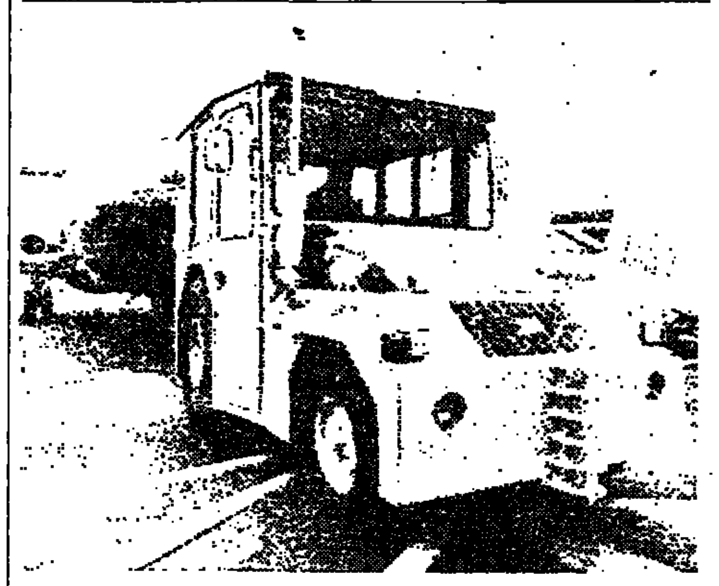
The Racal system is called Radian. Its high resolution refreshed display gives particularly fine line graphics and allows the user to quickly position and repeat drawn items—especially beneficial when creating assembly drawings.

Software allows automatic dimensioning, geometric construction and automatic cross hatching; any desired shape can be created on screen. A wide range of plotters can be connected.

The other system comes from Imtec of Stanmore (01-204 8355) and is called CADD. It uses one CRT display on which both the graphics and the supporting text for interactive working appear.

An easily learned, simply used command language is employed which it is claimed any in-house designer or draughtsman can use without previous programming or data processing experience.

CADD provides full three dimensional nodal graphics, fast response, comprehensive graphics editing and various levels of software from "entry" level to a fully expanded repertoire.



MASSEY-FERGUSON has launched a new range of aircraft tugs. Two models give power outputs of 47 bhp (33kW) and 63 bhp (47kW) while a larger model of 76 bhp (57kW) is also available. The tugs are powered by Perkins diesel engines.

How to sort out the rice

A FOUR-FOLD increase in throughput compared with the present generation of machines is claimed for a new rice-sorting machine from Gunson's Sortex of London (01-980 4888).

The rice grains are viewed by photosensing detectors as they fall in front of illuminated backgrounds. The colour of the backgrounds is chosen so that it appears to have a brightness between that of the accepted and rejected particles.

Thus, a dark or partially stained grain will give a decrease in signal while a light grain will give an increase, so that an unambiguous decision can be made by the electronics.

Signals resulting are amplified and passed to decision making circuits which, in the case of reject particles, activate ejector devices further down the channel. The ejectors literally blow the offending grains sideways into a rejection bin. Each ejector can operate at more than 1,000 times per second.

Typically, inputs of, for example, American par-boiled rice with 2.5 per cent "peck" (discoloured grains or impurities) can be upgraded to the premium standard of 0.124 per cent peck at 4,400 lb per hour.

Scissor-lift

USERS IN the UK can now benefit from the introduction of the Swedish Marcolift range of electric-hydraulic scissor-lift platforms. These offer loading capacities from 500 to 6,000 kg with non-standard units readily available due to the basic design and construction process.

Accessories include loading ramps, turntables, duplicate and foot-operated control boxes, roll-off guards and racks. Units are available also for installation in explosion hazard areas.

Information in UK from A. Johnson and Co. (London), Aldwych House, London WC2 (01-404 0755).

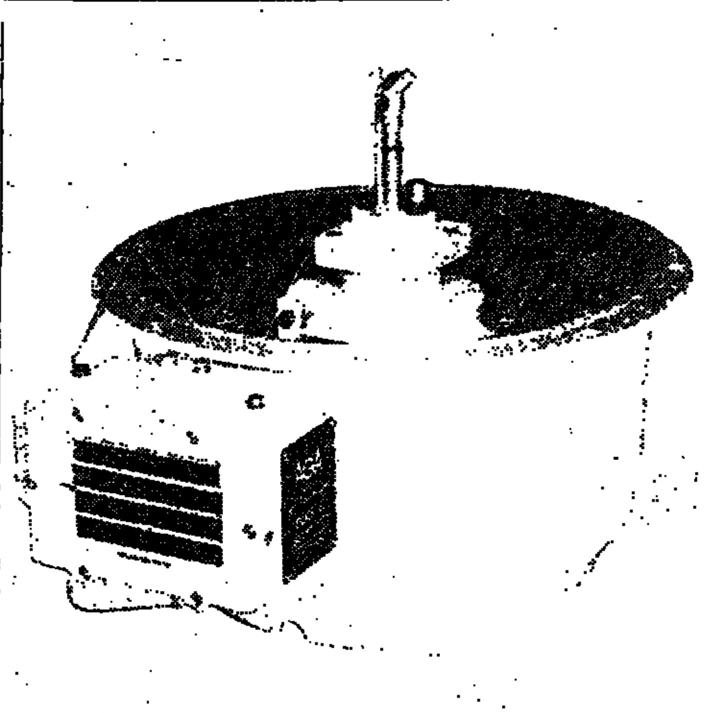
Safe London environment for fur pelt storage

FUR PELTS are being kept safe in a controlled environment in a new 1,600 sq metre cold store (part of a new multi-million-pound complex at Bull Wharf, Queenhithe in the City of London), which has been fully insulated by Dee-Cee Group for Hudson's Bay and Annings.

An important factor in fur storage, the entire low temperature insulation project ensures that the pelts are safely maintained at a steady temperature of 4.5 degrees C with a capability of the temperature being reduced to 0 degrees C.

Floors were first insulated with styrofoam slabs topped with a four-inch thick granolithic floor laid monolithically, and a foot-high perimeter curb protects the walls from manoeuvring vehicles.

Because of the value of the contents it was necessary to see that they were housed in a store with materials which neither burn nor smoke.



AGA Navigation Aids, Brentford, Middx (01-568 8799) has introduced this solar powered electronic flasher control for gas powered lightbuoys. Gas savings of up to 45 per cent are claimed by switching off the light by day.

Datacolt 7 capture device

THE LATEST in hand-held data capture devices from Data Recognition of Reading (0734 664577) is intended mainly for use in such places as warehouses where bar-coded products are in use.

Called Datacolt 7, the unit is ideal for recording the passage of items past specific points and can also record time with an internal clock. For normal entry, a keyboard can be clipped on. The Datacolt 7 has a liquid crystal display and a 96,000 character storage capacity.

For use in say, the loading bay, the operator simply wands a permanent code on the front of the terminal for "loading," "unloading" or "delivery." He also wands the driver's card, followed by each of the packages as it leaves or enters the van, thus tying up type of operation, driver and goods.

The data is thereby captured and converted into a computer readable form within the unit itself.

Commercial dish-washers

COMMERCIAL glass and dish-washing machinery manufactured by ASSI-TEC near Milan, not previously available in the UK, can now be obtained from Fernstate, 10 Barley Mow Passage, London W4. Prices range from £595 to £14,000. Nine machines will be on display at the Hotelympia Exhibition next January, but in the meantime more details are available on 01-994 6477.

Fast-filling valves

THE WORLD'S fastest filling valves come in a new range of aerosols and are called CLF, announces Metal Box, Queens House, Forbury Road, Reading.

Claiming to offer the world's most extensive range of aerosol components (including caps and valves made at Swindon and Portslade) the addition of a 57mm size to its Trimline range, says Metal Box, makes it the only company offering a complete choice of Trimline cans.

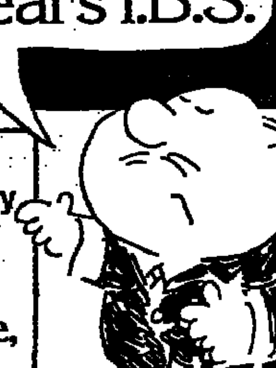
'Gully Guzzler' clean-up

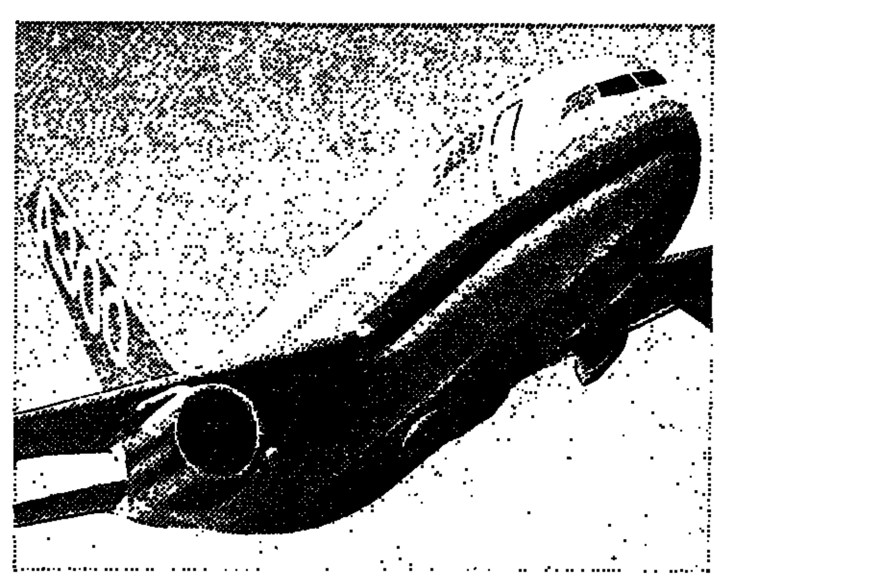
DESIGNED TO clear compacted gullies, catch basins, wet wells and cesspits, but capable also of clearing even almost dry materials such as bricks, bottles, and polythene is Vactor's claim for its Gully "Guzzler."

Materials are collected through its 6 or 8 in intake pipe, at depths of up to 15 metres, to give a higher performance than other common types of vacuum system (or gully cleaner) says the company.

Fitted with a 1,000 gallon refuse tank and a 200 gallon fresh water tank, there is a tipping body, a centre-mounted boom, and a drain off valve for surplus liquids to minimise dumping.

More from Vactor, Winkleigh Airfield, Winkleigh, Devon.





TELEVISION

BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 9.05 For Schools, Colleges. 10.00 You and Me. 10.15 For Schools, Colleges. 12.30 pm News After Noon. 12.57 Regional News for England (except London) London and SE only: Financial Report: News Headlines with sub-titles. 1.00 Pebble Mill at One. 1.45 Postman Pat. 2.01-3.00 For Schools, Colleges. 3.15 Songs of Praise. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Mighty Mouse. 4.25 Jackanory. 4.40 The Record Breakers. 5.05 John Craven's Newsround. 5.10 God's Wonderful Railway.

5.40 News.
6.00 Nationwide (London and South East only).
6.25 Nationwide.
6.55 The Wednesday Film: "Banjo Hackett."
8.30 Fighter Pilot.
9.00 A Party Political Broadcast by the Conservative Party.
9.05 News.
9.30 All Those Hard Luck Stories.
10.05 Sportsnight.
10.58 News Headlines.
11.00 Parkinson.

BBC 1 VARIATIONS: Cymru/Wales—11.17-11.40 am I Ysgolion: Ffenestr. 11.40-12.05 pm I Ysgolion: Daearyddiaeth. 12.57-1.00 News of Wales. 2.18-2.40 I Ysgolion: Hyn O Fyd. 6.00-6.25 Wales Today. 6.55 Heddiw. 7.15 O Dro I Dro. 7.40 Angels. 8.05-8.30 Taxi. 12.00 News and Weather for Wales.

Chris Dunkley: Tonight's Choice

All my life I have had a weakness for ventriloquism and so, although most variety programmes send me to sleep, I shall watch ITV's Starburst because it includes Ray Alan and his monocle-toting doll Lord Charles, the one who is always slightly squiffy. BBC-1's penultimate episode of **Fighter Pilot** shows just two of the original six hopefuls moving on to the final training in Hawks which will win them their Wings.

Later BBC-1 show the first in a four-part serial about social workers, **All Those Hard Luck Stories**. They have been filmed in Nottingham which allowed television into its social work records and its social services department. The city's circumstances are not specially remarkable: in an average week three children are battered, 17 abandoned, 22 appear before the magistrates, and 2,300 are "in care." Nottingham spends £34m a year on social services and employs 360 social workers. This first programme concentrates on children, two newly abandoned and one already in a foster home meeting her mothr again.

Watching that means missing Part 2 of **The Borgias** on BBC-2, but you can always watch the repeat of that on Sunday. At 10.30 we are back to monocles again when Radio 4 starts a new six-part adaptation of Dorothy Sayers' **Have His Carcase**, with Ian Carmichael playing Lord Peter Whimsey. Ideal radio.

BBC 2

10.20 am Gharbar.
11.00 Play School.
4.50 pm Open University.
6.55 Paint.
7.20 Tancho.
7.25 News Summary.
7.30 Games People Played.
7.40 Collecting Now.
8.10 The Body in Question.
9.00 M*A*S*H.
9.25 The Borgias.
10.15 Out of Court.
10.50 Party Political Broadcast by the Conservative Party.
10.55-11.45 Newsnight.

BBC 2 Scotland only: 10.50-10.55 Party Political Broadcast by the Scottish Conservative Party.

LONDON

9.30 am Schools Programmes. 12.00 The Munch Bunch. 12.10 pm Rainbow. 12.30 Turning Point. 1.00 News plus FT Index. 1.20 Thames News. 1.30 Armchair Thriller: Ian McKellen in "Dying Day." 2.00 After Noon Plus with Mary Parkinson and Kay Avila. 2.25 The International Jockeys Championship: Great Britain v United States of America from Kempton Park. 4.15 Duffy Duck. 4.20 Country Camera. 4.45 Dangermouse. 4.55 Stig of the Dump. 5.15 The Brady Bunch.

5.45 News.
6.00 Thames News with Andrew Gardner and Rita Carter.
6.25 Help with Viv Taylor Gee.
6.35 Crossroads.
7.00 This Is Your Life with Eamonn Andrews.
7.30 Coronation Street.
8.00 Starburst.
9.00 Diamonds.
10.00 Party Political Broadcast by the Conservative Party.
10.05 News.
10.35 "Bad Blood," starring Jack Thompson, Carol Burns and Dennis Lill.
12.20 am Close: Sit Up And Listen with David Steel.

† Indicates programme in black and white

All IBA Regions as London except at the following times:

ANGLIA

1.20 pm Anglia News. 5.15 Here's Boomer. 6.00 About Anglia. 12.20 am Anglia Late News. 12.25 The Big Question.

ATV

1.20 pm ATV News. 5.15 Survival. 6.00 ATV News. 6.05 Crossroads. 6.30 ATV Today.

BORDER

1.20 pm Border News. 6.00 Lookaround Wednesday. 12.20 am News Summary.

CHANNEL

1.20 pm Channel Lunchtime News. What's On where and Weather. 5.15 How's Your Father? 6.00 Channel Report. 10.00 Life in France. 10.33 Channel Late News. 12.20 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News. 5.15 Batman. 6.00 North Tonight. 10.40 Scotsport Special. 11.10 Thriller: "I'm The Girl He Wants To Kill." 12.30 am North Headlines.

GRANADA

1.20 pm Granada Reports. 2.00 Live from Two from the Millionaire Club in Manchester. 5.15 Mickey, Donald and Friends. 6.00 Granada Reports. 6.25 This is Your Right.

HTV

1.20 pm HTV News. 5.15 Ask Oscar. 6.20 Crossroads. 6.00 Report West. 6.30 Benson. 10.33 HTV News.

HTV CYMRU/WALES: As HTV West except—12.00-12.10 pm Ffalabalam. 4.45 Sion Blu. 5.15-5.20 Dick Tracy. 6.00 Y Dydd. 6.15 Report Wales. 6.30-7.00 Taff Acre.

SCOTTISH

1.20 pm News and Road and Weather. 5.15 Teatime Tales. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Action Line. 6.30 Report. 10.40 Scotsport Special. 11.10 Thriller. 12.30 am Late Call.

SOUTHERN

1.20 pm Southern News. 2.00 Houseparty. 5.15 *Dick Tracy Cartoon*. 5.20 Crossroads. 6.00 Day by Day. 6.35 *Scene Midweek (South East Area only)*.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 1.20 pm North East News. 1.25 Where the Jobs Are. 5.15 Here's Boomer. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life with Tom Coyne. 12.20 am A Week of Prayer for World Peace.

ULSTER

1.20 pm Lunchtime. 4.13 Ulster News. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 12.20 am Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 5.15 How's Your Father? 6.00 Westward Diary. 10.37 Westward Late News. 12.40 am Faith for Life. 12.45 West *Country Weather and Shipping Forecast*.

YORKSHIRE

1.20 pm Calendar News. 5.15 Mork and Mindy. 6.00 Calendar (Emley Moor and Belmont editions).

RADIO

(S) Stereophonic broadcast
‡ Medium wave

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.30 Dave Lee Travis. 2.00 pm Paul Burnett. 3.30 Steve Wright. 5.00 Peter Powell. 7.00 Radio 1 Mailbag. 8.00 David Jensen. 10.00-12.00 John Peel (S).

VHF Radios 1 and 2—5.00 am With Radio 2. 3.00 pm Alan Dell with Dance Band Days. 8.30 The Mitchell Minstrels (S). 9.00 The Boston Pops (S). 9.30 With Radio 2. 10.00 With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2

5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 John Dunn (S). 2.00 Ed Stewart (S) including 2.30 Party Political Broadcast by The Conservative Party. 4.00 David Hamilton (S). 5.45 News: Sport. 6.00 David Symonds with Much More Music (S). 8.00 European Soccer Special. 9.30 The Boston Pops (S) (joining VHF). 9.55 Sports Desk. 10.00 Get The Most Out of Your Body. 10.30 Hubert Gregg says Thanks for the Memory. 11.00 Brian Mathew with Round Midnight. 1.00 am Truckers' Hour (S). 2.00-5.00 Two's Company (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice (S). 8.00 News. 8.05 Your Midweek Choice continued. 9.05 This Week's Composer: Rachmaninov (S). 10.00 Organ Music at Holbrook, Suffolk (S). 10.40 Vesztyek Kammerensemble (S). 11.40 BBC Northern Symphony Orchestra (S). 1.00 pm News. 1.05 Concert Hall (S). 2.00 Music Weekly (S). 2.50 Dohnanyi piano and chamber music recital (S). 4.00 Choral Evensong (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 Arnold at 60 (S). 7.20 Britten: "War Requiem," from the Royal Albert Hall, London (S). 9.05 Six Continents. 9.25 Andras Schiff (S). 9.45 Scientifically Speaking. 10.40 One Pair of Ears. 10.55 59 and Counting (S). 11.00 News. 11.05-11.15 Frank Bridge (S).

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Mid-week: Mavis Nicholson. 10.00 News. 10.02 Gardener's Question Time. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Baker's Dozen. 12.00 News. 12.02 pm You and Yours. 12.27 Transatlantic Quiz. 12.55 Weather: Programme News. 1.00 The World At One. 1.35 Party Political Broadcast by the Conservative Party. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 3.50 Abroad Thoughts from Home. 4.00 Priestland's Progress. 4.45 Story Time. 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather: Programme News. 6.00 News, including Financial Report. 6.30 The Senior Partner. 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 A Stone, A Plant, A Star (S). 8.45 Analysis. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Lord Peter Wimsey. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

Flowers that last the course

GARDENS TODAY
BY ROBIN LANE FOX

EVERY YEAR I keep a sharp eye open for long-lasting flowers. Poppies and tall irises are lovely things, but they are over so quickly that I hesitate to put them in my garden, which is small and always on view. Gardeners have learnt the importance of elegant leaves among the passing colour of their flower beds. They hold the planting together while its brighter stars take their turn. But there are flowers, too, which persist, and although they persist in a quiet way, I find myself giving them more space and favour, the background which keeps my garden going when the main rush of colour is finished.

Knotweeds sound like a nightmare and their official name, polygonum, is not muhc easier to unravel. They are best known as the flowers which show in small spikes of pink or rose red during the autumn above low mats of leaves, or on longer stems which fill in the middle of a border. They are one of the few families which survive dry sade. I am moderately fond of them for the leaves on the smaller varieties turn a brilliant colour from this week onwards.

But the prize in the family is less often recognised, a pale pink variety with heads of flowers like small bells, called Campanulatum. This, too, roots freely across the surface of dry and shaded beds, and although it is not sensational, it lasts from mid-July to mid-autumn and blocks out all weeds. It is a quiet plant from blank corners and can be divided once it has settled down. Like many spreading plants, it is slow to move into its stride, but after three years you will be grateful for the mention of it.

A possible companion would be the longest lasting form of Astrantia, or masterwort. This is the family with the flowers of pink or greenish white which look as if they are made of frilled paper and will never lose the petals or their round and open discs. Flower arrangers made them fashionable and they now turn up in exhibits of old-fashioned cottage flowers where they are thought to look Victorian. I am not sure that Victorian gardeners ever bothered with them among the monkey puzzles and geraniums, but their ruffs of pale coloured flowers do look like the pattern on old runs of cloth.

The finest Astrantia is the most expensive, a cream variegated form which turns up under several trade names, most often as Suningdale Variegated. Its young growth is splashed with the prettiest shade of pale cream on an ash green background. This is worth any price from Hilliers of Winchester, and other specialists, as it is an easy plant which will also grow beneath dry north walls. In flower, however, none competes with a remarkable form called Involucrata stocked by Bressingham Nurseries of Diss, Norfolk.

The flowers are a greenish cream white on stems to a height of about two feet and they persist for a season which truly extends from June until October. I have combined it with the shocking ice pink flowers of that essential geranium, the low growing Endressii and am delighted with the combination. Together, they flower all summer and set each other off very neatly, the strong colour beside the weak one. Both grow in dry shade.

If these sound too muted, you should take a look at the herbaceous potentillas. These are simplest of plants. But I feel they have been overshadowed by the shrubby forms, those bushes of clear yellow flower which now turn up in every local authority's mixed planting.

We are unfair nowadays to the lovely old Gibsons Scarlet, a border plant which throws out long sprawling stems, and blocks out unwanted weeds. It flowers far more freely if it has a poor dry soil, perhaps in front of deeply rooting shrubs. There, it lasts from June till September in a shade of true scarlet. The leaves and flowers are just like a large strawberry's and the plant can soon be divided, so you only need one or two.

I put the hybrid Glory of Nancy high on a list of plants for new gardens, as its crimson orange flowers suggest those compounds of burnt sienna and yellow which can be mixed for fun in a paint box, but are here combined with greyish leaves for a happy background.

The flowers are semi-double, so they last well. A mass of hybrids was raised in the 1930s, but most have been ignored since in one of those odd fits of self-denial which have made the planning of flower borders so much more troublesome and their upkeep more laborious. Buy any variety and allow room for it to sprawl.

At a lower level, there is nothing common or mean about a precious family called Erodium. These make excellent presents for keen Alpine gardeners and owners of small gardens: they are still unfamiliar but mostly very hard to kill. As first cousins to the wild geranium, they enchanted me when I saw them wild in Corsica's many mountains.

The higher Alpine sorts are rare and not always hardy, but a specialist rock garden nursery will sell you the safe ones, the best of which throw up clumps of silver leaves like a small carrot, and cover them with open flowers of pink white marked with maroon or even yellow, not unlike a small geranium with well-shaped petals. They like a dry place and although they do not rise above six inches or so, a few clumps will show up clearly among the gentians and small saxifrages, outlasting any neighbours with flowers from June until autumn.

My favourite is the aptly named Guttatum, the spotted variety, whose name suits the little flowers of white marked with chocolate maroon above thick stems of green leaves. It likes to spread into a mat and any bit of stem will root quickly as a cutting if you leave it in a well-drained box of soil in high summer. I like this unrecognised plant as an edging to an early border. It lasts in flower for ages and puzzles anyone who notices it.

If you look for long-lasting qualities, you soon find yourself off the beaten track. You probably know my other favourites, the many wild geraniums, true blue flax, violas, several penstemons and the mass of plants which respond to that most therapeutic business, a gentle dead heading. I admire the single peonies and the rich blue anchusas of early summer, but I am not so sure that I still have the space for them.

For it is long continuity that I seek in a garden and if this takes me to quiete rand less familiar flowers, they win me over every year by proving that they last the course.

Watch Swinburn in transatlantic clash

RACING
BY DOMINIC WIGAN

THERE WAS no racing at Kempton yesterday because of the state of the ground following Monday night's downpour. However, today's UK-U.S. jockeys confrontation is expected to go ahead on the Sunbury track after a 7 am inspection.

No one will be more irritated than Lester Piggott should the international team jockey championship for the Chivas Regal Trophy fail to get under way. The champion jockey-elect had a chance second to none on paper before rain threatened the Seagram (UK) promotion.

He is a shorter-priced favourite than ever with Ladbrokes, who have been quick to spot the fact that he is aboard soft-ground specialists. Piggott is offered at 6-4 by them after opening at 2-1.

Of the other nine jockeys in today's three-race competition for team and individual placings, Britain's Walter Swinburn and Chris McCarron of the U.S. are the only riders with realistic hopes of coming out on top in a contest which sees 10 points for a winner down to one point for last place in each of the 10-runner events.

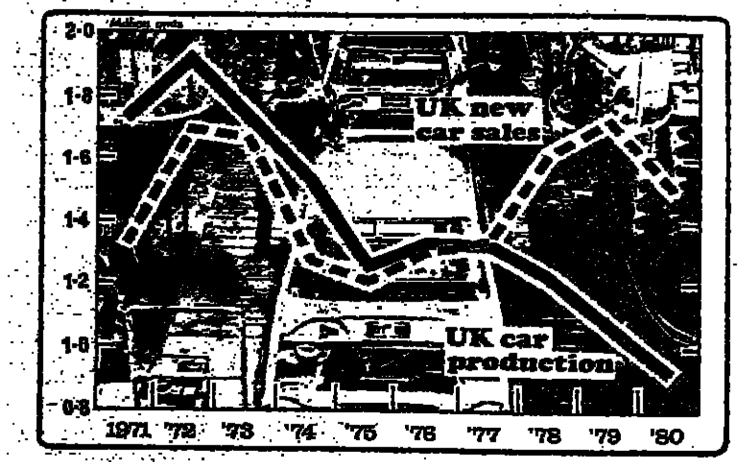
Swinburn, backed yesterday at 7-1 with Corals, is still available at 6-1, while McCarron is generally offered at a point longer.

Despite the obvious claims of Piggott's Morality Stone in the opening Chivas Regal Stayers Stakes, Swinburn could be in for the best pickings. He appears to have every bit as good a chance as Piggott through Golden Brigadier.

Golden Brigadier, a bay colt by Vayrann's sire Brigadier Gerard, has run a number of good races since winning on similar ground at Salisbury in April. At odds of around 9-1 he represents the mile and half event's each-way value.

KEMPTON
1.45—World Record
2.45—Golden Brigadier**
3.20—Sir Tristan*
3.55—Winter Wind***
4.30—Ice

FINANCIAL TIMES SURVEY
Wednesday October 21 1981



UK Motor Industry

Uneasy mood after a painful year

As the Motorfair opens at London's Earls Court today, the troubled motor industry is nevertheless encouraged that new car sales in Britain have been better than expected so far this year. The Society of Motor Manufacturers and Traders predicts that registrations in 1981 will reach 1.45m, compared with 1.51m in 1980.

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

AFTER A year in which it has suffered a sharp and painful contraction, a feeling of unease still pervades the UK motor industry.

In part the feeling arises from the immediate problems created by a recession that shows only the slightest signs of receding as well as the annual round of pay bargaining on which more than usual depends this year. And this year's negotiations within BL Cars are proving particularly tense.

But the two major UK producers, BL and Ford of Britain, are also struggling to find solutions to longer-term problems. Whatever they decide to do, their actions will have a major impact on their component suppliers in Britain.

One recent example which came to light illustrates the knock-on impact of the car makers' decisions.

BL decided that its current and predicted range of car output did not warrant having two suppliers of wheels—a reasonable decision in the circumstances. It opted to use Dunlop products.

As a result, the other supplier, Rubery Owen, decided to shut its plant at Darlaston in the West Midlands where wheels were made. After a 50 per cent drop in demand for components from the plant and the expectation that the decline in the UK motor industry would continue, Rubery Owen reckoned it had no choice but to shut the plant after BL's decision. That closure cost 950 jobs.

Job losses in the industry have been a major feature of the past year as the recession and the high value of sterling compared with most other trading currencies speeded up the contraction which was in any case bound to take place.

Targets

BL, anxious above all else to keep to its cash flow targets and thus avoid having to approach the Government for more money, has brought forward plant closures and job-shedding.

This year's closures included the Solihull Rover saloon plant opened at a cost of £27m only five year ago and then heralded as one of the most modern car plants in Europe.

During the first six months of 1980, BL was employing on average 88,500 people. In the first six months of 1981 the average was down to 66,900.

The cuts will continue—the Speke, Liverpool body pressing plant and the Coventry Engines factory are the latest to get closure notices. At the same time Ford has told its workforce it is looking for a 40 per cent reduction by 1985 in the numbers employed, involving around 29,000 jobs.

There was a bitter blow for Scotland this year when French-owned Talbot closed the Linwood car plant, set up by the Rootes Group in 1963. It was Scotland's only car plant and at the end was employing 4,800 people.

Peugeot, which acquired the plant along with all the other Chrysler European operations three years ago, decided it could not afford to carry the losses, running at more than £20m a year.

The closure slashed the Talbot workforce in the UK by nearly a third and left the company mainly as an assembler of car kits sent from France. Talbot's main British manufacturing operations are now concentrated on engines and the Dodge commercial vehicle business. Recently, half the Dodge business was sold to Renault.

General Motors has also been slimming down all over the world and the UK could not escape. Its component offshoot, AC Delco, decided to give up making spark plugs, alternators and air cleaners in Britain, at a cost of another 1,000 jobs.

But the major cut was at GM's Vauxhall subsidiary which expects to shed 8,000 jobs in 1981, a year which it started with 29,000 employees.

On top of all this, and because of it, the UK motor components industry has been contracting rapidly. One estimate is that the industry which once employed 400,000 has been cutting jobs at the rate of more than 30,000 a year for the past two years.

A fair proportion of the job cut-backs have been caused by the search for better output per employee. At BL Cars, for example, the claim is that productivity has risen 20 per cent following the cuts in the labour force, the closure of uneconomic plants and heavy investment in modern equipment to make modern cars.

The group had made a sufficiently good start on this programme last year for the Government, rather reluctantly, to promise a further £950m of State cash for 1981 and 1982 so the programme could continue. The winning of money for two years was an important psychological victory for chairman Sir Michael Edwardes.

Both BL and Ford have also put considerable pressure on their suppliers over productivity and costs. Sir Michael has given public warnings to component makers that they will not be able to pass on to BL any cost increases arising from pay rises not attached to genuine productivity deals.

BL and Ford have pointed to the prices at which they can buy components from outside Britain and said that, if they are to maintain a "we prefer British" policy, the UK component makers must at least try to match Continental prices.

Faced with this pressure the component manufacturers—at least the bigger companies—now say that, given a little time, they can improve productivity and cut costs by around 15 per cent. Already many UK plants match the best in Europe in terms of quality and cost per unit.

Also on the positive side, the fall in UK car output will certainly have slowed down considerably and might even have stopped this year. Vehicle output in Britain peaked at 1.9m in 1973 and dropped steadily every year until 1980 when it was down to 919,000—the first time since the 1950s that it had been below 1m.

Whether it falls again this year depends on there being fairly uninterrupted output at BL and Ford for the rest of the year.

Vital to next year's UK production performance will be the progress Ford makes at Dagenham where the Cortina replacement is to be built following a major investment programme that has already started.

Best-seller

The Cortina is Britain's best-selling model and Ford has the ability to top up any shortfall of UK production from its Continental plants should this be necessary.

Ford wants to spend around £1.4bn to modernise plants and products in the next four years but said recently its profits now are not at a level to finance this programme—another contributory factor to the general unease in the industry.

At the same time, even though both Talbot and Vauxhall are now mainly assemblers of kits sent from their Continental associates, they at least maintain some production presence in the UK—a subject sure to have been a matter of considerable debate within their respective parent companies.

Not only have the parent groups swallowed considerable losses but General Motors pumped another £105m into Vauxhall to recapitalise the company — mainly, it must be admitted, to protect its dealer network and the 8 to 9 per cent market share on which it intends to build.

While Vauxhall has given up exporting in the conventional sense—it has no car dealer network of any significance in any country outside Britain any more—Talbot still makes a vital contribution to the UK trade balance in cars.

The engines and other parts it sends to Iran count as car kits and should total around 85,000 "cars" this year worth perhaps £100m.

BL, as part of its policy of retrenchment to the EEC, stopped exports of all but Jaguar cars to the U.S. this year, a decision very largely prompted by the dollar-pound relationship. The group hopes to compensate, however, by reviving its fortunes on the continent with the help of its so far very successful new small car the Metro and the Acclaim, the recently-launched medium saloon being built in association with Honda of Japan.

Buoyancy

Ford's new Escort brought a new buoyancy to its sales in some markets but its arrival also saw an end to exports of the old model. Ford had been shipping about 35,000 old Escorts a year to the Far East and Australia from the Halewood plant on Merseyside and this business has now ended.

When the Cortina replacement comes on stream next autumn the parts Ford has shipped to the Asia-Pacific area in the past for the Cortina's built in that region will no longer be required. Instead the group will use a car from its Japanese associate Toyo Kogyo for its dealer networks in that part of the world.

Meanwhile, built-up car imports continue to hold a very high percentage of the UK new car market. There is no doubt the percentage would have been higher if it were not for the long-standing "voluntary" restraints exercised by the Japanese.

Even so imports took 55.8 per cent of car registrations in the first nine months of 1981, down slightly from the 58.4 per cent for the same period of last year and the 56.7 per cent for the whole of 1980.

The main impact on the import figures has been the decision by Ford to make more of the cars it sells in Britain at its British plants this year—Ford, after all, is the major importer of built-up cars to the UK and swept the board last year to become market leader (nearly 31 per cent against BL's 18 per cent) biggest importer (bringing in cars accounting for over 14 per cent of the total sold in Britain) and maker of the best-selling car (the Cortina).

New car sales have been better-than-expected so far in 1981 and the Society of Motor Manufacturers and Traders predicts that registrations this year will reach 1.45m compared with 1.51m for 1980.

In its May forecast the society was still predicting a 1981 market of 1.41m.

However, there has been intense marketing activity after some companies found the predictions they made at the beginning of 1981 were going all wrong and they were likely to be left with expensive stocks. As a result, some people suggest the cash which would have been spent has simply been spread over more new cars.

The society reckons that next year's car market will go up again slightly, to around 1.47m. Many individual companies would be surprised if the total does not reach 1.5m.

It is production figures which are a better reflection of the health of the motor industry and most forecasters predict a slight upturn in 1982. This puts a great deal of faith, however, in the BL recovery programme and the efforts Ford is making to maintain a considerable presence in Britain.

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UK MOTOR INDUSTRY II

Kenneth Gooding looks at the complex restructuring problems facing Britain's state-owned vehicle group

BL remains on course despite huge losses

BL'S chairman Sir Michael Edwardes maintains that, assuming the current industrial relations quarrel can be satisfactorily resolved, "this year should see the bottom of the trough" for the group.

Next year the trading losses and cash outflow should diminish as BL moves towards its target of breaking-even by 1983-84.

So far the group is on course in spite of recording net losses of £225m for the first half of this year and going on record with a prediction that losses for the 12 months will at least match the record £535m for 1980.

Sir Michael has given repeated warnings that if the group is forced severely off course the directors will have to go to the Government and call a halt to the programme outlined in the current corporate plan.

In any event Sir Michael says that if BL does not break even by 1983-84 that part of the cars business making the volume models, Austin Morris, would have to be closed down.

If it does not break even the board's strategy will have failed and it will be too late to make another attempt to save the major part of the cars operations.

Sir Michael says that the present board is made up of professional managers called in by the Government to do its best to salvage what can be salvaged from the business.

He will probably not be around for the outcome because his contract with BL lasts only until the end of 1982. The current thinking within the company and the Government is that this time he will go. His original intention was to leave in 1981 after three years in the hot seat.

One of the most important successes Sir Michael has achieved so far came this year when he persuaded a rather reluctant Government not only to stump up more State cash for BL but to guarantee there would be money available for two years rather than just one.

The promise of £950m over 1981 and 1982 has relieved BL's planners of some headaches, made it easier for the group to retain and recruit engineers and also done much to reassure the dealer network. BL needs all the dealers it has got to sell the new cars once it brings them into production.

Sir Michael outlines the strategy for the car business this way. "We must invest heavily but selectively in new models and efficient manufacture. We must continue the painful and expensive restructuring, involving significant redundancies and factory closures, and to manage cash flow as tightly as possible."

BL: 157,000 employees; vehicles sold, 1980: 587,000; sales, £2.8bn; net loss, £535.5m.

When Sir Michael and the new management team look over in 1978 they accepted that BL needed to take a much more modest approach to its product range. It was patently unable to sustain in engineering or cash terms a range of 13 car models.

So the strategy involves BL producing three model families based on Metro, the LC 10 range of medium-sized cars due for introduction in the autumn of 1982 and a revamped Jaguar.

Thus, by the mid-1980s, the Allegro, Princess, Rover SD saloon, Ital and probably the Mini, will have been eliminated from the BL car range following those killed off already—a notable list including the MG, Triumph Spitfire, TR7, Dolomite and Maxi.

The future cars will incorporate as many components as possible which can be used not only across one family but two or even three, so that BL can get the right economies of scale.

Even then the group will have to rely heavily on collaboration with other manufacturers because its car output will be too small for it to survive while remaining completely independent.

The Triumph Acclaim illustrates how this cooperation might work in that it is really a Honda car made under licence by BL which needed a new introduction this year and had nothing on the schedule of its own to fill the gap.

More important in the long term will be the decision to buy gearboxes, and probably engines, from VAG the Volkswagen-Audi group of West Germany.

BL Cars chairman, Mr Ray Horrocks, makes no secret of the fact that one of the top priorities for his senior management is the search for the grand design collaboration which would involve a whole range of new cars.

Whether that proves to be a fruitful search depends to a great extent on BL Cars continuing to recover strength. As Mr Horrocks says: "Collaboration is actually only helpful to strong companies. If you think you are dying you don't go out to find a collaborator—you look for someone ready and able to take you over.

"Much of the motivation for us to do what we are doing is that we believe sincerely that if we make ourselves strong enough to collaborate we can see a very clear way through. But we have to be strong to get the even-handed, balanced arrangement where we would stand as equal partners."

If BL is to compete effectively its productivity must match the best in Europe. That means the most modern processes, like the Longbridge robots and those which will follow them into Cowley, must be used to produce the new models.

BL's sales have slumped since 1978 and car production dropped from 702,000 that year to 470,000 in 1980, there was no point in retaining the old level of capacity.

The idea is to concentrate Austin Morris car production at Longbridge and Cowley. So the Rover plant at Solihull had to go this year even though it was only five years old and cost £27m. Closures continue with the Speke body assembly plant in Liverpool and Coventry Engines, the latest to be given notice.

The car business is particularly sensitive to volume—assembly plants have a high break-even point—and BL had to cut fixed expenses as output fell.

Capacity was cut by more than 300,000 cars a year and about 57,000 jobs were eliminated between 1978 and 1980. More than 14,000 more jobs have gone this year and on July 1 the BL labour force as a whole stood at 129,000 against nearly 200,000 in 1978.

Within BL Cars employment in the first six months of this year averaged 66,900 compared with the average of 88,500 for the same period of 1980.

When will the attrition stop? The strategy involves BL reducing the workforce to around 100,000 by the latter part of 1982. Then it might begin hiring again.

If Sir Michael and his team have got the strategy right, by 1983-84 BL's fixed costs will have been reduced to a tolerable level. The first of the LC10 family will be available with Metro and Acclaim to lift car sales.

At that point revenue and costs should balance and BL should be pointing towards profitability again. But 1983 is a long way off. There is much that could go wrong in the meantime.

For example, rather like a man whose gaze is fixed so intently on a distant object that he trips over a stick beneath his feet, Sir Michael has been shocked to find the commercial vehicles side, Leyland Vehicles, in a nasty skid.

This was caused mainly by the collapse of the UK truck market—down 50 per cent from the 1979 peak—on which Leyland depends so heavily. Sir Michael reported in August: "Fixed expenses (at Leyland) are too high and we are overmanned in relation to both the current and projected market size."

Further major cut-backs at Leyland Vehicles can be expected shortly.

If BL does survive into the mid-1980s in anything like its current shape and size, what then?

The co-operation route might be attractive but it could lead to dependence on—even takeover by—another group almost certainly based outside the UK.

As one experienced commentator, Mr Daniel T. Jones, commented in a recent Sussex European Paper on the motor industry: "Simply to rely on co-operation and production of another company's model under licence may be an attractive way of rationalising (Europe's) weaker companies but cannot be seen as a way of catching up and remaining independent in the long run.

"As a way of gradually restructuring the industry over a period of years, though, it is possibly an ideal solution and avoids some of the managerial difficulties that accompany sudden acquisitions of a new company. In this light, government encouragement of this form of restructuring is to be welcomed."

Sir Michael Edwardes, BL's chairman, warns that the group must continue with painful and expensive restructuring, involving significant redundancies and factory closures.

UK CAR REGISTRATIONS

	— 12 months ended December —			
	1980	%	1979	%
Total UK produced	655,442	43.30	750,365	43.72
Total imports†	858,319	56.70	965,910	56.28
Total market	1,513,761	100.00	1,716,275	100.00
Ford*	464,706	30.70	485,559	28.29
BL*	275,798	18.22	336,984	19.63
PSA—Talbot*	90,874		119,433	
Citroen	27,006		34,015	
Peugeot	24,333		37,980	
Total PSA	142,213	9.39	191,428	11.15
General Motors—Vauxhall*	109,218		112,398	
Opel	22,870		27,216	
Other GM	990		1,330	
Total GM	133,078	8.79	140,944	8.21
Datsun	91,892	6.07	102,395	5.97
Renault	88,343	5.84	93,468	5.45
VW Audi	68,285	4.51	76,258	4.44
Fiat Auto—Fiat	45,267		70,626	
Lancia	6,032		8,951	
Total Fiat Auto	51,299	3.39	79,577	4.64
Volvo	38,283	2.53	36,583	2.13

* Includes cars from companies' Continental associates not included in the total UK figure. † Includes cars from all sources including cars from Continental associates of UK companies.

Source: Society of Motor Manufacturers and Traders.

Group seeks sweeping changes in UK manning levels and working practices

Ford plans record investment programme

FOR THE past 10 years Ford's profitability in the U.S. has been steadily declining but the overseas operations—particularly in the UK and West Germany—have obscured the situation by more than making up the deficit.

Last year Ford of Britain was one of the few elements in the far-flung Ford empire which actually ended in the black. The corporation as a whole built up net losses of $1.545bn (around £700m).

In 1979, Ford of Britain contributed nearly 70 per cent of total Ford profit, paid a £135m dividend and loaned its parent £229m.

Ford's head office in Dearborn, Michigan, argues that that was only fair given the money and executives' time the U.S. branch devoted to the British business in the not-so-distant past when it was not doing so well.

It can be argued strongly that Ford of Britain would be only a pale imitation of its current self if the parent had not financed the concept which saw Ford of Germany and Ford of Britain welded into Ford of Europe.

By spreading the costs of new products over two major European markets the two Ford companies have been able to carry through a new product programme which separately they would never have been able to afford.

Within Ford of Europe the UK and German operations have equal status but in normal years Ford of Germany's car output has been nominally higher because it has responsibility for the plant at Genk in Belgium.

This usually adds about 300,000 cars a year to the German output of about 500,000. Ford of Britain's car production in 1980 was 343,000, down from 400,600 the previous year while Ford of Germany (including Genk) suffered a 25 per cent drop to 644,000.

But Ford made profits in Britain last year in spite of the sharp drop in the car market, down from 1.71m to 1.51m and the severely competitive conditions which accompanied the fall.

Those conditions drove its main UK-based competitors into huge losses, but Ford pre-tax profit—although down from the record £386m for 1979—reached £226m.

Ford managed to buck the trend by selling more cars and commercial vehicles than any other company in Britain, and in the motor business volume means profit.

The group sold nearly 465,000 cars in the UK last year at prices higher than anywhere in Europe or North America.

Three of its models topped the best-selling cars list: the Cortina, with sales of 190,281; the old-style Escort, 103,840; and the Fiesta, 91,661.

Ford accounted for nearly 31 per cent of all new car sales in Britain last year and nowhere else in the world does the group achieve anything like that market share—not even in the U.S. where its share has slipped steadily from 23 to 17 per cent since 1978.

Ford started 1981 with an aggressive product programme. It cut some prices, admitting while doing so that it had got a little too far ahead of its competitors with price increases, and introduced the Fiesta Popular to the bottom end of the range.

The stated objective was to push sales in Britain to an unprecedented 495,000 this year which would have given Ford about 35 per cent of the market expected at that time.

The objective was set by Mr Sam Toy who took over as Ford of Britain chairman just over a year ago when his predecessor

FORD OF BRITAIN: 74,000 employees; vehicles sold, 1980: 713,000; sales, £2.92bn; profit, £204m

Sir Terry Beckett moved to the Confederation of British Industry.

Toy, 57, has been with Ford for 33 years and since 1969 had been director of sales for the UK company. He is acknowledged to be a tough manager with a robust way of expressing himself, and his appointment was widely welcoed within Ford of Britain.

After nine months Ford had a 30.23 per cent market share and had sold 366,357 cars. Mr Toy admitted that his January target was not now achievable.

Shortages of supply of the new Escort — a key vehicle in the plans — at the beginning of the year was the main factor behind the failure to hit the targeted figures.

The Escort is built at the Halewood planton Merseyside and Ford spent £207m there, mainly to introduce the new car. Another £135m will be spent at Halewood by 1985.

In all Ford hopes to spend £1.4bn in Britain by 1985 — its biggest-ever capital expenditure programme. Some of this would be for the commercial vehicle business.

But it told the unions recently that profits were running at well below the 1980 level and were not sufficient to finance a programme of that size.

It is trying to persuade the unions to accept sweeping changes in attitudes on manning levels and working practices at the UK plants to keep them competitive.

The company wants to reduce its 70,000 workforce by about 40 per cent during the four-year period, which works out at some 19,000 jobs.

Ford reckons this is the only way UK plants will be able to match the best Continental facilities

A major element in the spending plans—and the drive for better labour productivity—will be the introduction of a replacement for the Cortina, code-named Toni but which will probably be sold as the Sierra, at the Dagenham plant.

The Cortina is the key car in the Ford range in Britain. It has topped the UK bestsellers list for nine years thanks to its wide acceptability among the fleets. And the fleet buyers account for roughly 60 per cent of the UK new car market.

Ford wants to launch the Cortina replacement at the Birmingham Motor Show in the autumn of 1982—which explains why the group is in something of a hurry to get agreement on changes in working practices to go along with the highly-automated equipment it has already started putting into Dagenham.

The group estimates that its car assembly capacity in Britain is 500,000 a year but output in 1979 was 398,684 and last year only 342,732—admittedly a year when an important new car, the Escort, was gradually being introduced to Halewood.

Ford promises the position will be better this year with far fewer imports of built-up Cortinas and Fiestas from the Continent, extra Fiestas being built in Britain and output of the new Escort building up. Exports of Escort engines from the Bridgend engine plant, which cost £18bn but attracted about £190m in Government loans and grants, should also help the UK motor trade balance.

In that connection, Ford of Europe, which co-ordinates production in Germany, Belgium, France and Spain as well as the UK, still buys about 45 per cent of the components it requires from British sources.

But it resources about £45m-worth each year so the pattern could quickly change. So far, however.

Some years ago Henry Ford actually threatened to quit Britain because he was so frustrated by labour relations difficulties.

Bob Lutz, chairman of Ford of Europe, is taking a less dramatic but equally doom-laden approach. "Of course we could not pull out of manufacturing in the UK because of the political ramifications. And it would decimate our market share.

"But the truth is that when future investment has to be made by Ford it will be bound to go to those areas where there is higher productivity and better labour relations."

That is the message Ford of Britain chairman Sam Toy has relayed consistently to his workforce over the past few months.

Kenneth Gooding

John Griffiths examines the prospects of Vauxhall Motors following a record first half loss

Chairman's view 'cautiously optimistic'

AT THE end of August Vauxhall Motors announced a record first-half (1981) loss of £59.88m, nearly three-quarters the £83.3m loss for the whole of 1980.

Last year's deficit was nearly three times the then record loss of £31.3m in 1979. In addition, General Motors, its parent, had to invest £107m in working capital last year to keep Vauxhall afloat.

Only once in the past 10 years has Vauxhall made a profit. That was in 1978, when it made £2m.

It is not surprising that the unions, watching the work force being slashed by another 8,000 this year to just over 21,000, and the company's transition from being a manufacturer to primarily an assembler, have expressed fears about its future.

Their worry is that, with the company still struggling to draw closer to European, if not Japanese, productivity at a time when there is already substantial surplus capacity in Europe, GM may simply decide that Britain can be best supplied from the Continent instead.

So far, GM executives have done their best to counter those fears. On a visit earlier this year, the new GM president, Mr James McDonald, said when announcing the working capital investment that if GM had intended to back out it would have done so at the end of last year.

"So that is an indication that we intend to stay strong in Britain," he added.

Meanwhile, Mr Ferdinand Beickler, Vauxhall chairman, says he is "cautiously optimistic" about th ecompany's prospects. Further losses were inevitable this year, but he expected, in improving market conditions, return to a trading profit in 1982 and a net profit in 1983.

Vauxhall has set itself an ambitious target for reviving its fortunes in the UK. (It no longer exports cars to Continental Europe.) By 1985 it intends that its own cars and those from its GM sister company Opel, of West Germany, will account for 16 per cent of the UK new car market and be supplied from a joint sales network of 1,000 dealers.

That compares with a market share for Vauxhall of 7.02 per cent so far this year, and of 1.4 per cent for Opel. Earlier this year Vauxhall had 579 UK dealers and Opel 334.

But how is such a radical transformation to be achieved?

Last month one of the key pieces of the strategy fell into place: the launch of J-car, the front-wheel-drive successor to the Cavalier, which carries Vauxhall's main hope of making a bigger dent in the fleet market.

Next month, assembly of the Astra hatchback will start at Ellesmere Port. Hitherto the Astra has been imported from West Germany.

In less than two years' time the new hatchback "mini" to compete with the Fiesta, Metro and other small models should start arriving from Zaragoza, Spain, where it is to be built at an entirely new plant.

That, says Mr John Bagshaw, Vauxhall's new marketing director, will give the company access to "25 per cent of the market we've never had before."

Against that, the Chevette, Vauxhall's only model manufactured as distinct from assembled in Britain, will almost certainly be chopped when S-car arrives.

But with an increase of the Astra engine size to 1.6-litres, and the likely expansion of the Cavalier range in line with what has already happened in the U.S.—where there is, for example, an up-market Cadillac version—Vauxhall should be better placed in respect of range than for many years.

This is an advantage, since the Ford Cortina replacement, the Sierra, is not due to appear until towards the end of next year.

But the product is only part of the story. Since early this year Vauxhall has been hard at work forging the separate Vauxhall and Opel sales networks into a unified franchise system.

In theory, dealers in each marque have until the end of this year to take up the dual franchise. In practice, they were falling over each other to sign up as soon as the scheme was announced.

Part of the reason is illustrated in a new survey of car makers' "images" by Research Associates: Vauxhall was considered by a national sample of 600 to be a "utility car" producer, with some of its "rusty Viva" image still clinging to it. Opel was seen as an up-market Vauxhall and being built in West Germany, as better-finished than its British counterpart.

Mr Bagshaw acknowledges the existence, if not the reality, of those perceptions. "For Opel there is a percentage in the snob appeal of a perceived high-quality imported car," he says.

VAUXHALL: 30,670 employees; vehicles sold, 1980; 195,145; sales, £766.8m; loss after tax, £83.3m

"But is another percentage for Vauxhall in the perception of buying British—a factor which looms large in fleet-purchasing decisions."

Opel dealers—hitherto more heavily dependent on private buyers—hope, therefore, to pick up more fleet sales; Vauxhall dealers should get the kudos from having Opel models in their showrooms.

That, however, is a self-defeating attitude if the potential customer finds himself confronted by a full range of cars bearing different badges but all too patently identical: the Vauxhall Astra/Opel Kadett; Vauxhall Cavalier/Opel Ascona; Vauxhall Carlton/Opel Rekord; Vauxhall Viceroy/Opel Commodore; Vauxhall Royale/Opel Senator.

All were conceived by Opel in terms of the role given it by GM to develop cars in Europe, while responsibility for lorries —until a recent re-organisation —was given to Vauxhall's subsidiary, Bedford.

The first step in the required rationalisation is the marketing of the J-car in the UK solely as a Vauxhall.

There are few clues yet as to what will happen with the remainder of the range, but all models at the lower end of the market are expected to become Vauxhalls. The more expensive cars will be Opels.

Meanwhile, the entire wholesaling system is being integrated, not just the dealer networks. Wasteful duplication has been dispensed with and a much more efficient service to the customer is promised.

None of this however has served to calm the unions fears.

Assembly of the Astra will produce a net gain for Ellesmere Port because, says Vauxhall, it will have 50 per cent UK content. But that includes labour, plant and other overheads, which can account for a third of a car's ex-factory gate value.

The main components, engines, gearboxes, and so on will still be imported from West Germany.

The new Cavalier is to be GM's "world car," with versions made in the U.S., Canada, West Germany, Belgium, the UK, Australia, Brazil, South Africa and Japan. The UK-assembled cars will have components made in Germany and Belgium, but include other parts from plants around the world in line with the "world car" concept of using interchangeable components as for assembly elsewhere.

While most of the new 1.6-litre Family Two engines will come from West Germany some will come from Australia. The second most valuable component, the trans-axle, will be supplied wholly from Isuzu (in which GM has a 34 per cent stake) of Japan.

The UK content, therefore, will consist of little more than window glass, tyres, paint, some interior trim and electrical components.

Vauxhall has held out the prospect that as long as there are continuing improvements in productivity in UK plants, there should be no reason why the proportion of UK content should not rise, and why Vauxhall should not build more, not fewer cars.

It has even been suggested that as demand for Family Two engines builds up an extra factory to make them might be located in the UK.

But there has been nothing in GM's European investment plans to indicate that it is treating Vauxhall with anything other than caution.

Its European investment plans to 1984 total £1bn. The UK's share is £75m—including £20m for J-car assembly facilities and £10m for Astra.

No new manufacturing operations are earmarked; indeed nearly 1,000 production jobs went last summer at the AC-Delco components factory in Southampton.

There is also concern about the Bedford lorries subsidiary. GM has reorganised its world truck operations under U.S. supervision. Previously, Bedford was responsible for developing and marketing commercial vehicles for many world markets.

GM is already using Isuzu models to fill some gaps in world truck markets. The unions fear—so far without justification—that Isuzu could supplant existing Bedford models. The Bedford management says the reorganisation is a positive move which could give it a key place in an emerging "world truck" market.

Yet Mr Reuben Jensen, GM's new "world trucks" vice-president, suggests that although Bedford's productivity has improved it must earn its keep internationally and he gives no assurances apart from saying: "We have every intention of saving all the parts of Bedford that we can."

Overall, Vauxhall therefore either equals the efficiency achieved overseas or it faces further decline.

Not long ago Mr Beickler commented on what it has achieved in the past two years in increasing efficiency and how far it has still to go. In 1979 Opel plants were "three times more efficient" than Vauxhall. Now they are "only" 50 per cent more productive.

The bright spot is that he expects the plants to be on a par within the year.

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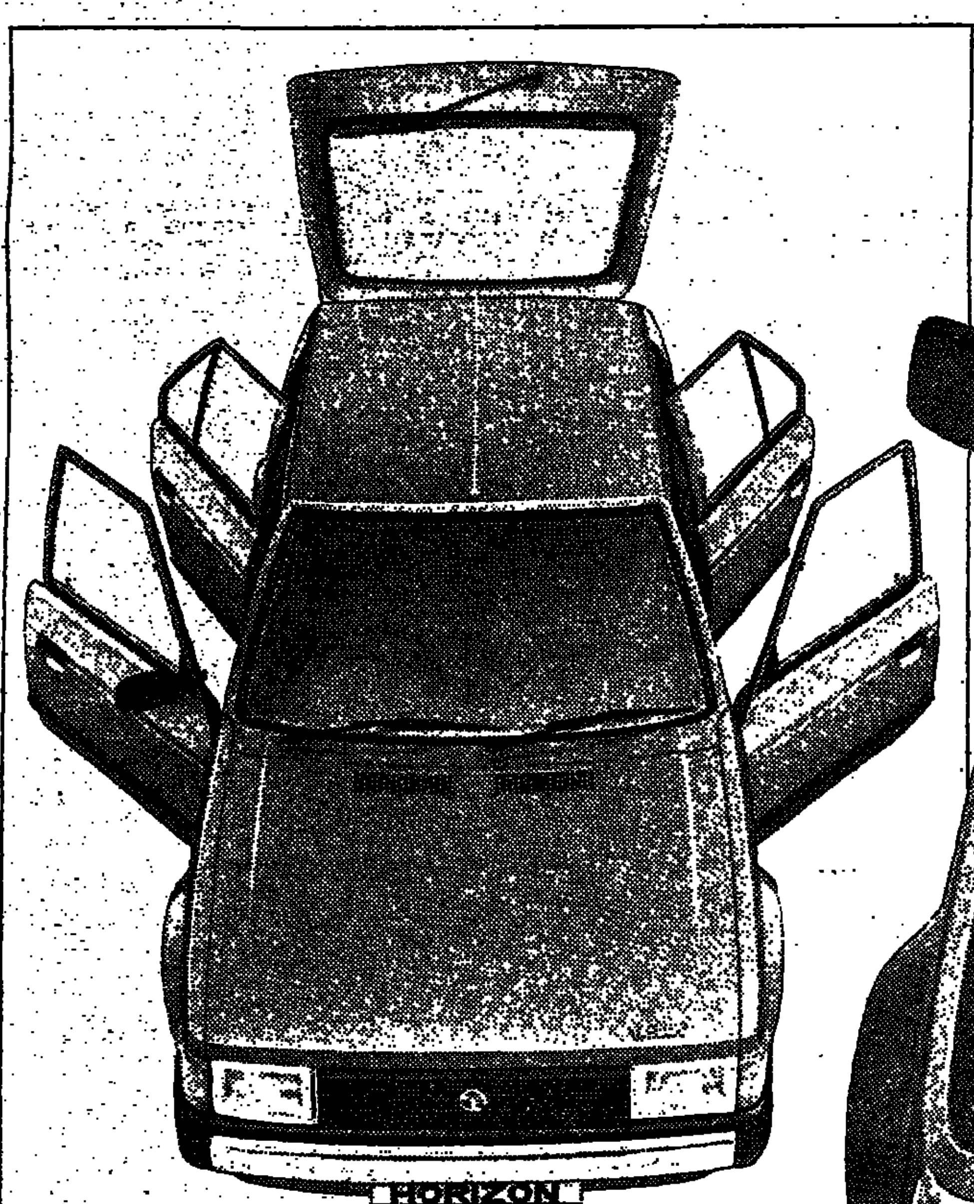

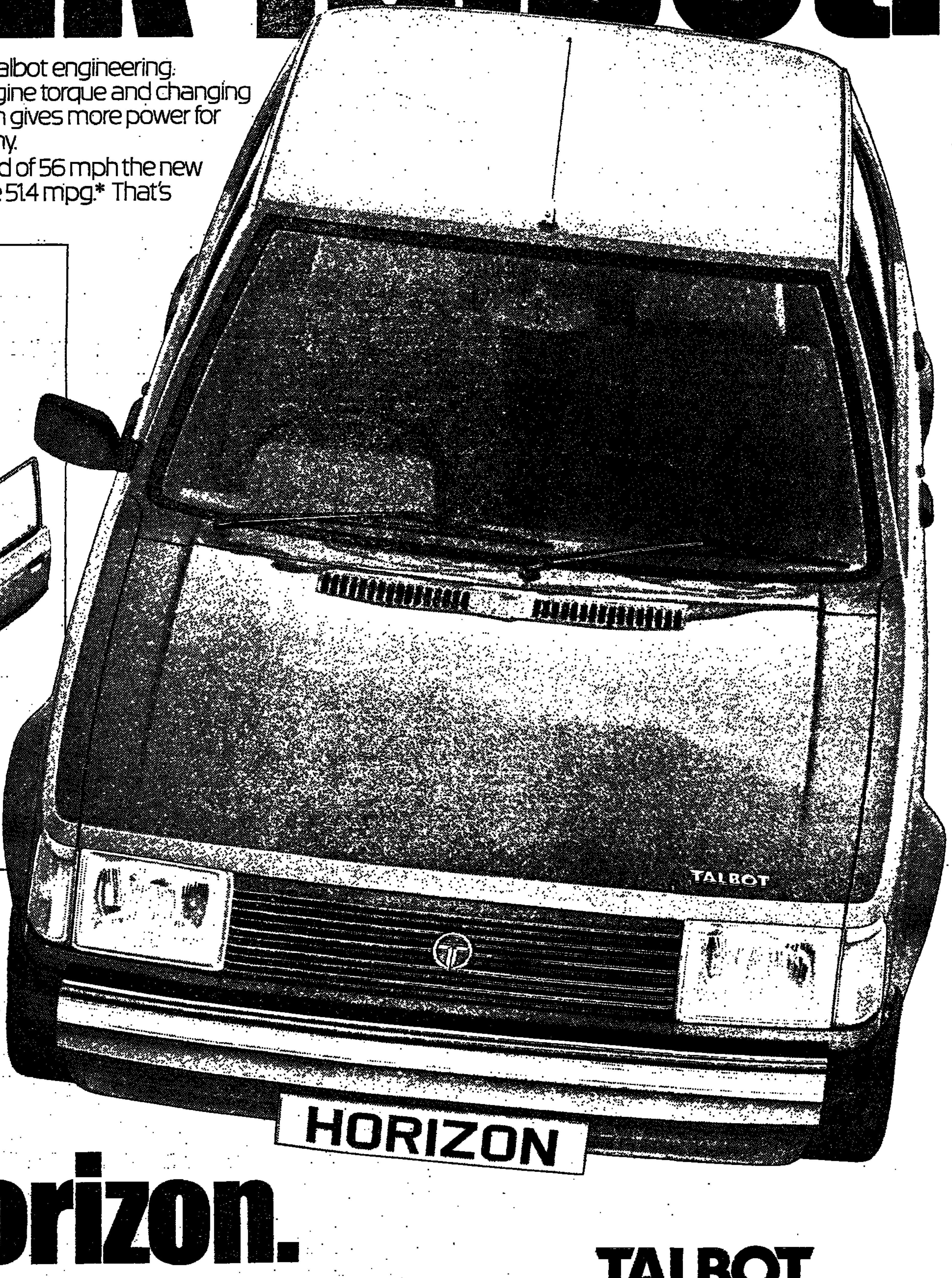

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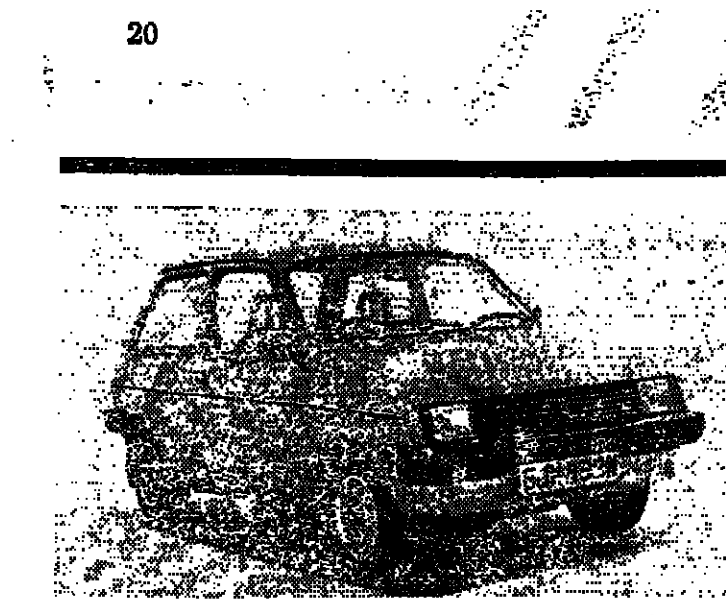

BL's Metro: this model, one of two British-built cars introduced in the past year—the other was the new Ford Escort—should boost car production in the UK

A shift of power in industrial relations

IN TERMS of disputes, the past 12 months has generally witnessed further forward strides in the ability of motor manufacturers to build cars without the sapping losses caused by stoppages. For some companies, losses due to strikes have been falling to as low as 1 per cent of production time.

This has partly reflected, though, the growing power of management to manage which in some companies—notably BL—has resulted in shop-floor accusations of bullying. The rejection by the BL shop-floor of the company's 3.8 per cent offer marks a frustration at its reduced influence, a series of low pay settlements and the unpredictability of bonus payments.

Most managements argue strongly that there has been an upsurge of co-operation from the shop floor to a level rarely seen since World War II.

Much of the climate has been created by the recession, the downturn in demand and the weaknesses and vulnerability of the unions from shop stewards right up to union head office. The companies have been using this atmosphere to extract from the shop floor major concessions on working practices, manning, and job shedding.

The swing of power towards the manager and the way he has locked into this, however, has caused some resentment among sections of both white- and blue-collar workers.

During the last pay round, managements have been securing basic pay deals ranging from the equivalent of 6.8 to 9.5 per cent for 12 months in line with settlements in other industries and reflecting the erosion of union strength.

In some of the companies these have been topped up by productivity payments — most notably at BL—but possible productivity-related earnings in some sections of the UK industry have been badly disrupted, and in some cases obliterated, by short time working.

Viewpoint

Some union officials say that if the power balance swings back towards the shop floor, the industry's manual and white collar workers might then attempt to recoup what they perceive as lost ground on pay suffered over the past two years.

Ford, which in some ways has been weathering market difficulties more successfully than the other major manufacturers, has suffered only one serious dispute over the past year. The company, in an attempt to halt a rising number of unofficial stoppages, particularly at Halewood, Merseyside, where the Escort is produced had earlier introduced a much tougher disciplinary code which involved suspension of staff without pay for a longer period than under the then existing arrangements.

The issue eventually led to a dispute at Halewood with the unions complaining that the particular problem that sparked the dispute involved the management using the code when the disagreement was being put through procedures.

After lengthy negotiations, the company withdrew the code but extracted from the unions a commitment to maintaining continuity of production which management believed went further than the unions had gone before.

The commitment included a promise from the unions that national officials would tour Ford's 23 plants exhorting the workforce to stick to procedures and not simply to walk off the line.

Mr Ron Todd, the Transport and General Workers' Union national organiser and senior Ford union negotiator, has finished a series of meetings with the shop floor at all the plants and the unions have issued bulletins on the issue.

The company says that since these meetings, there has been a significant improvement in production continuity with markedly fewer wildcat stoppages.

Although Ford has not yet entered into serious negotiations with the unions on its After Japan productivity proposals, the company has been shedding some labour in both white and blue collar zones, largely as a result of trading conditions.

This has so far run relatively smoothly among the manual unions though they have not endorsed the company's early retirement and voluntary severance scheme.

Lost production through disputes has fallen very noticeably at Vauxhall. In his report of June this year to cover the preceding year, Mr Ferdinand Beickler, chairman and managing director, praised the workforce for showing understanding of the company's needs during an unsettled period.

Mr Grenville Hawley, Transport and General Workers' Union national automotive secretary, while not disputing this argues that there is considerable frustration on the shop floor over short-time working and that there are still worries over the long-term future of the Ellesmere Port operation where the Astra is assembled.

Improvements

The unions complain of management pressures on re-assessment of how work is done and on manning levels —part of the company's drive to improve productivity.

Talbot has now secured company-wide bargaining which it says has removed dispute-causing pay anomalies and has not suffered a major dispute for two years. Mr Geoffrey Whalen, then director of personnel and industrial relations, said in June that production losses due to disputes had been virtually non-existent. That and productivity improvements had enabled the company to justify expenditure on the transfer of some Horizon production from France to Coventry.

The unions say that industrial relations have been kept at the best possible level but that rationalisation and the closure of Linwood has not been good medicine for company-union relations.

Before the dispute which hit production of the Acclaim at Cowley, BL had been losing less than 1 per cent of production time as a result of disputes. Before this stoppage its only strike of any duration was one at Longbridge in the spring over job times which halted Mini and Metro output. This kind of performance is better than the previous year and in a different world to that in which BL lived during most of the 1970s.

The unions argue though that BL, which in any case had probably more leeway to make up on manning and working practices than the other major manufacturers, has used the recession to swing power back to management more than any other UK car manufacturer.

Nick Garnett

THE TOP TEN

The ten best-selling cars in Britain in 1980 were:

1 Ford Cortina (190,281 sold)
2 Ford Escort (old type, 103,840)
3 Ford Fiesta (91,661)
4 BL Mini (61,129)
5 BL Marina-Ital (59,906)
6 Vauxhall Chevette (46,059)
7 Vauxhall Cavalier (old type 41,119)
8 BL Allegro (39,612)
9 Ford Capri (31,187)
10 Renault 18 (30,958)

Source: Society of Motor Manufacturers and Traders

Arthur Smith looks at the way that a major manufacturer is gearing up for the future

Talbot: 'The worst is behind us'

TALBOT, ONCE the proudly all-British company taken over first by Chrysler of the U.S., and then by Peugeot of France in 1978, could be in the black again next year. It would be the first time for nearly a decade during which losses have totalled nearly £300m.

Mr George Turnbull, a former managing director of British Leyland and now chairman of the Peugeot subsidiary, exudes confidence: "The worst is behind us. The majority of the risk factors have been removed—at some cost. I now look to profits next year and shall be very disappointed if we don't see them."

But Talbot now is already different from the company he took over just 30 months ago. The labour force has been cut from more than 25,000 to little more than 10,000.

The troubled Linwood car assembly plant in Scotland closed this year with the loss of 4,000 jobs. What has been billed as the biggest European auction of second-hand machine tools and factory equipment is scheduled for next month when buyers from 30 countries are expected to bid up to £10m for the remnants of a once important sector of the UK car assembly industry.

Many of the jobs have gone in the pursuit of higher productivity—Talbot claims a 40 per cent improvement in two years at its Ryton assembly plant in Coventry—but the character of the operation has also changed.

Even with a reduced manufacturing base Talbot is looking to increase its UK market share from the present 5 per cent to around 7½ per cent. The merging of the Talbot and Peugeot sales and marketing operations is expected to give the French subsidiary a sharper edge and push market share for the two marques to 10 per cent.

Much publicity has been given to the decision by Peugeot to commit £10m investment to transfer assembly of the Horizon model from the beginning of next year from Poissy, France, to Ryton. That move is expected to increase Horizon sales to the UK where fleet purchasers tend to adopt a "Buy British" policy. Welcome as the investment might be to the beleaguered domestic car industry, it means that Ryton is now assembling three models with a heavy French components input: the Alpine, Solara and Horizon.

Union leaders and shop stewards, while grateful for continued job opportunities, are nevertheless somewhat resentful that the new small car, the T15 scheduled for launch next spring and which represents Peugeot's main assault on the mass market, will be produced only on the Continent. Linwood at one time was a contender but was probably ruled out because of its troubled industrial relations record and the spare capacity available in Europe.

According to one cynical union view, Peugeot has kept a token UK assembly base in Coventry to protect itself against moves towards import controls by any future government. The manufacturing operation also provides an important launch pad for sales and marketing promotions, it is argued.

Mr Turnbull pours scorn on such interpretations insisting that Peugeot's £10m investment represents a "vote of confidence" and demonstrates its commitment to maintaining a strong manufacturing presence.

TALBOT UK: 17,692 employees; vehicles sold, 1980, 90,874; sales, £588m; net loss, £67.3m

He admits in retrospect that he might have underestimated the problems facing Talbot on his appointment. Not only had there been a strong downturn in UK and international markets, but the strength of sterling had impaired export sales of the Sunbeam assembled at Linwood.

Much of the cost of the Linwood closure was borne in last year's figures, but the low output before the final shutdown in June this year contributed to the £47m pre-tax loss in the first half. The deficit, more than double the £19.6m in the first six months of 1980, was caused by high interest charges and the slump in demand and consequent short-time working.

Mr Turnbull draws particular attention to the productivity advances which he says put the UK operation "four square" with Peugeot factories in France in competing for new models. The Horizon investment had been won on merit.

Mr Geoffrey Whalen, Talbot assistant managing director and a former industrial relations director at BL Cars, maintains that attitudes to work have improved dramatically at the Ryton assembly plant. "The often-stereotyped image of the militant and probably lazy British car worker is a thing of the past," he says.

Just two years ago it took 1,321 manual workers to assemble 1,075 cars a week. Each car took 60 hours to build. Now, nearly as many cars are turned out each week with 400 fewer workers. Each car takes 35 hours.

Mr Whalen says the biggest contribution to the productivity changes was realisation that "the day of reckoning had come." Without improvements there would be no future. Management has given a lead to the workforce and clamped down on obvious excesses such as lengthy tea breaks and rest periods.

Full production of the Horizon alongside the Alpine and Solara is scheduled to begin early next year and by the middle of the year an additional 200 workers will have been recruited to swell the present 1,750 strong labour force.

Mr Turnbull expressed confidence about prospects for the Stoke engine plant at Coventry. More than half the 3,200 workers are engaged upon a long term contract to supply component kits for car assembly in Iran.

Talbot's Dodge truck operations, based at Dunstable, have been hit by the slump in UK commercial vehicle sales, but the losses which will show up in this year's accounts are unlikely to be repeated.

Perhaps most significant about the way Talbot is gearing up for the future are the changes under way or planned on the car sales front. The Talbot and Peugeot sales and marketing operations have already been combined with the emphasis placed upon promoting fleet sales.

Rationalisation of the 550-strong Talbot dealer network and the 250 Peugeot outlets is continuing with the aim of both raising the quality of services and covering parts of the country where the operation is not represented.

He maintains that the Talbot 5 per cent share can be lifted to 7½ per cent but refuses to put a date on when it is likely to be achieved. Hopes clearly rest on the UK-assembled Horizon, where it is thought sales now running at 20,000 a year will rise to at least 30,000 in 1982. The new small car from France, the T15 due next spring, is seen as an important model to boost the appeal of the Talbot range.

Eventful year for smaller manufacturers

JOHN GRIFFITHS highlights the surprising resilience of the smaller car manufacturers to sudden shifts in markets and fortunes

IT HAS BEEN a highly eventful year for the smaller British car manufacturers, even by the standards of a sector which is used to rapid ups and downs in its fortunes.

Taking the seven companies in alphabetical order, in the past 12 months we have seen:

● Aston Martin, in January, acquire its eighth set of owners and start on a course which appears to be pointing to the end of its status as a manufacturer only of fast, exclusive and extremely expensive motor cars;

● De Lorean, the U.S.-sponsored Belfast sports car maker backed by £80m in UK Government loans, grants and bank guarantees, start commercial production and find its cars selling at premiums of $5,000-$10,000 above the official $25,000 asking price in the U.S.;

● Lotus sign a co-operation deal with Toyota of Japan, under which it will supply engineering skills, the companies examine possible joint projects—and Lotus get Toyota engines for a cheaper sports car to be built in the mid-1980s;

● Panther emerge from Receivership into the hands of a South Korean trading group, which will lead to some of the cars' major components being built in South Korea and sent to the UK on the cheap in the trading group's containers as part of its own shipping business;

● Reliant "hived off" from its parent, the industrial conglomerate JF Nash Securities, in April and facing losses which may amount to £1m in the year to the end of September;

● Rolls-Royce, shortly after its merger with Vickers, bring to an end the 14-year-old life of its Silver Shadow models, launching in its place the Silver Spur, Silver Spirit and Bentley Mulsanne models;

● TVR introduce an entirely new model range, just extended downwards to bring one model under the psychologically important £10,000 mark.

All this activity has been taking place at a time when the overall new car market in Britain has slipped back under the impact of recession and high interest rates—a situation repeated in some valuable export markets for the specialist makers, particularly the U.S.

When exporting problems have been compounded until very recently by the strength of sterling and by an inflation rate which has increasingly made the UK a high-cost country in which to produce.

The fact that most of the specialists are surviving, and in some instances starting to do quite well, illustrates the surprising resilience of the sector to sudden shifts in markets and fortunes.

So what does the future hold for the best-known names among them?

Aston Martin, acquired by the Pace Petroleum head Victor Gauntlett and Tim Hearley, chairman of the CH Industrials group, is already showing the first fruits of its planned diversification drive aimed at moving away from being solely dependent on sales of its £30,000-£50,000 V8 and Lagonda luxury cars.

Last week the Frazer Tickford, the third of the cars built by other manufacturers but modified by its Tickford engineering and coachbuilding centre set up at Milton Keynes earlier this year, was unveiled.

Based on the BL Metro 1.3 S, its vast range of modifications includes a tuned engine, revamped nose, tail and wheel arches, with a much-revised interior incorporating leather seats and a new dashboard. The price, too, is heavily modified at £11,600.

It is the first small car to carry the Aston Martin Tickford badge. Initially it is being built at the rate of five a week for Frazer Cars, a new company formed by a Northamtonshire haulage company M and B Transport.

Tickford has also carried out modifications to the Lancia 2-litre Beta coupé resulting in the "Hi-Fi" limited issue of 300 cars for sale in the UK. The third product to date is the Toyota Sunchaser, a semi-convertible version of the Celica coupé being modified for Griffith International.

Rolls-Royce, meanwhile, continues to forge ahead in spite of the recession and currency problems overseas. The company predicts that this year its sales in the U.S. may for the first time overtake those in the UK and that North America will become its single largest market.

It plans to produce 3,500 cars this year, about 300 up on 1980. Production is rising from 50 a week soon after the car's introduction to nearer 70 by the end of the year.

Rolls-Royce has been making staunch efforts to hold down the price—it went through $100,000 mark for the first time in the U.S. this year — and has reduced its 16,000 workforce at Crewe by about 350 as part of a cost-cutting drive which began at the end of last year.

The year's biggest development, however, is the emergence on to the sports car market of De Lorean.

A few weeks ago employment at the company's Dunmurry, West Belfast, factory passed the 2,000 mark. This was the target set under the original agreement with the UK Government and it has been hit well ahead of schedule. The project has cost considerably more than expected—the original agreement provided funding of £53m.

Greeted with widespread scepticism on its announcement, the project now appears to be over the initial hurdles. Output is moving towards the planned annual rate of 20,000 cars a year.

A few months ago De Lorean began reversing the flow of cash from government to company with the first of a series of royalty cheques which should amount to £5m by the end of next year, when the first of its loan repayments will start falling due.

The stainless-steel bodied two-seater has been well received in the U.S., but there remains the longer-term question of whether it can continue to sell—after its initial allure has faded—in the numbers expected when no other maker in the same price bracket has managed to sell at more than half De Lorean's planned output.

Hence the raising in the U.S. shortly of a further $28m from private investors to fund a saloon car planned for 1983-84.

Last month, Lotus announced its results for the year: a trading profit of £461,000, against £1.28m last year. The recession has badly hit Lotus cars—output was down 60 per cent last year. But turnover was down only slightly from £14.94m to £14.28m, reflecting the big jump in the sale of Lotus's engineering services.

With its Grand Prix racing-derived technology, Lotus made a sensible choice in deciding to follow Porsche and "wholesale" its technology. Last year this accounted for 55 per cent of turnover against 22 per cent in 1979.

Much of that £8m turnover was due to its contract to develop the De Lorean car. That is now almost at an end, but other contracts are taking its place.

At the same time, Lotus's decision to revise its models in June, introducing a low-cost Esprit, has lifted car sales substantially: 100 were sold in July and August against 250 for the whole of the first half of the year.

It is its venture into a long-term collaboration agreement with Toyota which could hold the greatest significance for Lotus's future, however. Toyota is the largest Japanese car manufacturer and exactly where the connection will lead Lotus is not yet clear. The chairman, Mr Colin Chapman, says it will take nearly two years before tangible results are likely to appear.

Rapid inroads by importers have swept away much of the security of Britain's hard-hit component manufacturers, as ARTHUR SMITH reports.

Strong pressures on components sector

THE STRENGTH of the UK motor components sector has traditionally been based upon the success of the domestic assembly industry. Such security has been swept away in recent years by the rapid inroads made by importers, the decline in the activities of BL and Talbot, and the changed operations of Ford and Vauxhall.

Most suppliers have cut their labour force over the past two years by about 20 per cent. Many are still suffering short-time working. Some fear that without an improvement in demand more capacity will go.

Lucas Industries, which has shed 5,000 jobs in little more than 12 months, has called for a further 80 redundancies.

The UK industry, which for the past decade has been trying to move away from dependence upon BL and into export markets, has still found itself squeezed by shrinking home demand, rising interest rates and the strength of sterling.

The sharp fall in commercial vehicle sales so far this year has had an impact upon activity levels. Output this year is likely to be little more than 250,000 vehicles compared with the 389,000 of last year. The industry expects only a modest recovery in 1982 and 1983 to levels of 293,000 and 314,000 vehicles.

Important for the components suppliers, however, will be any decisions taken by BL about the size of its commercial vehicles operation. Sir Michael Edwardes, the BL chairman, has already warned that further major cutbacks are needed within the Leyland Group.

In spite of market success with the new T45 trucks range, Sir Michael said fixed expenses were too high and the company was over-manned in relation to both the current and projected market size. Suppliers will be anxious to see whether BL's economies will also mean out-sourcing components currently manufactured by the company.

The tractor market remains depressed with little sign of recovery but suppliers report some improvement in demand for industrial diesel engines. Recession has also hit the spares and after-sales market.

Disturbing trend

UK car production this year is likely to be down to 925,000 units compared with the 991,000 of 1980. An improvement to 980,000 units next year and 103,000 in 1983 is forecast. However, a disturbing trend for many components suppliers is the extent to which the domestic industry is becoming more of an assembler of imported kits with the high technology parts coming in from overseas.

BL's deal with Honda of Japan to assemble the Acclaim at Cowley, Oxford, has come in for criticism to the extent the engines and gearboxes will come direct from Japan. There is a recognition within the industry that the car was perhaps necessary to plug a gap in the state-owned concern's model range, but the five-year span of the contract and the limited production volumes make it difficult for UK suppliers to compete with the Japanese.

The trend is also apparent at Vauxhall, Luton, where the new J car from General Motors is assembled. The engines come from Australia, the transmissions from Japan and most of the body panels from West Germany.

Talbot, with the closure this year of Linwood, Scotland, now has only one car assembly factory in the UK at Ryton, Coventry. There the three models in production — the Alpine, Solara and Horizon— have an important French content.

The market success of BL's Metro, currently being turned out at the rate of more than 4,500 a week, has given some encouragement to suppliers. Attention is now switching to the planned new medium-sized cars.

BL has already started selecting suppliers for the LM10, a five-door hatchback replacement for the Allegro and the Maxi, which is scheduled to go into production at Cowley next October ready for launch in the spring of 1983.

The target output for the car is 2,000 a week, but production will rise again in the autumn of 1983 with the introduction of the LM11, the conventional four-door version. The two models and their various estate car and van derivatives should eventually be turned out at the rate of 4,000 to 4,500 units a week.

BL, which by the mid-1980s, is likely to have an annual output of around 540,000 cars, is much reduced in size but nevertheless provides an important baseload of orders for the UK components industry.

Casualty

The company's policy of going over to sole suppliers in order to achieve economies of scale, has brought one casualty. Rubery Owen, announcing the closure of its components factory at Darlaston, in the West Midlands, attributed the decision in part to BL's move to single-source wheel orders with Dunlop, rather than dividing the contract, as it had done previously.

Some smaller companies may yet be affected by the policy but most component suppliers have tended to reduce their dependence upon BL—even at the price of simply removing capacity. The consequences of the rundown of the UK motor industry are clearly illustrated by Birmid Qualcast, where employment in the foundry division has dropped in recent years from around 12,000 to only 5,750.

BL's policy of reassessing supply contracts coupled with pressure from other assemblers and the spare capacity throughout the industry has tended to hold prices down. On many contracts BL is thought to have achieved cost savings of around 10 per cent.

As a result of the decline of UK markets, companies are increasingly looking overseas. The U.S., where the emphasis is upon smaller, fuel-saving cars, has been an obvious target by the major groups such as Guest Keen and Nettlefold, Automotive Products and Lucas.

The trend is illustrated by AE, the engine components manufacturers and distributors, which last year increased direct exports by 22 per cent from £62m to £78m. Some £131m of sales or 28 per cent of turnover were made outside the UK last year—a proportion that has increased and will continue to rise.

AE says: "We recognised 10 years ago the need to obtain more business from overseas. More and more we look upon the UK and Europe as one market."

The major companies have established either a sales or manufacturing presence in key areas abroad—a move which often boosts domestic output, through an increase in direct exports.

There is some resentment within the industry that the Government with its policy of high interest rates to maintain the value of sterling appears to be ignoring the problems of exporters. In the view of one of the larger companies: "This industry has done everything required of it by the Government to cut manpower and raise productivity. We are now cost-competitive with the European majors. Even with inflation at 10 per cent we can compete with the Germans and the French, but we do need sterling at a realistic level."

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Significant advances in productivity

THE CAR industry has evidenced some of the most significant changes in efficiency and attitudes in the industrial sector. Talbot and BL, along with Vauxhall, point to profound developments in the way they make cars.

Ford, which has maintained its securer position in the market place, has not progressed very far along this road over the past 12 months. It is attempting, though, to begin negotiations with the unions on a radical package of changes in a four-year programme which would result in a 40 per cent reduction in the company's manual labour force.

BL claims to have introduced some of the most dramatic improvements in productivity. In some areas, though, it was attacking the problem from a considerably less efficient base than its UK competitors and still concedes that it has some way to go to raise productivity to the levels it wants.

The total workforce has shrunk from an average 88,500 in the first six months of last year to an average 66,900 in the first six months of this. But vehicle output has remained relatively constant at about 230,000 vehicles for the six-month period. In terms of vehicle output to manpower this can be represented as a 20 per cent productivity improvement.

The company points to two specific examples. One is Jaguar, which for the whole of last year produced 14,000 vehicles with 10,400 workers. This year Jaguar is expecting to make 15-16,000 vehicles but is now employing only 6,800.

At Longbridge production has increased by about a third over the past two years. The company claims that productivity on the Metro lines is as good if not better than the best European standards in a measurement of man-hours per car produced. The Metro lines have been producing 4,600 vehicles per week, which is 200 above target.

This has largely resulted from heavy investment in technology and the new working practices introduced last year. This has included "mutuality" — with the company removing the shop stewards' negotiating role when workers have to be moved from one area to another to cover labour gaps.

The company says that because of its bonus payments system last year's rise of 6.8 per cent has effectively been translated into increases of about 13 per cent for the great majority of workers.

National union officials, while accepting the need for production changes and productivity improvements, complain that the 92-page "blue newspaper" on working practices was imposed by management. This, they warn, has been creating disaffection on the shopfloor.

At Talbot, Mr Geoff Whalen, the company's personnel director, claimed during the summer a 40 per cent productivity improvement over two years for the Ryton assembly plant in Coventry. The company says it is now on a par with the most competitive plants in Europe.

UK CAR PRODUCTION
Figures for 1980

BL, 395,800; Ford, 342,700; Talbot, 125,300; Vauxhall, 55,000; other manufacturers, 1,000.

Source: Society of Motor Manufacturers and Traders.

Manning reductions appear dramatic. In June two years ago 1,321 manual workers were employed to make 1,075 cars a week. By the summer of this year, 400 fewer workers were employed but were turning out 1,024 cars.

Apart from manning reductions, the company has secured much greater work flexibility, better start-up times and reduced absenteeism. Management has also given greater information to the work force on investment and planning.

There has also been no major dispute at Talbot since the 13-week Midlands shutdown in 1979. Management says that the small disputes that have occurred since then are now much more likely to be sorted out internally.

The changes have been linked to an incentive scheme which for periods has been reaping about an extra 10 per cent on pay. The unions, though, say the payments are now much more hit-and-miss because of the state of the market.

Total employment at Talbot has dropped from 22,000 two years ago to little more than [illegible]0. Of this fall, labour reduction at Linwood and its eventual closure accounted for about 8,000 workers.

Total employment at Vauxhall has fallen from 29,000 in January to 21,700. Within that, the manual labour force has slid from 22,500 to 16,000 and monthly paid staff from 6,500 to 5,700.

Along with this reduction has gone a company drive to reduce manning levels and re-assess the way in which work is carried out. During this year's wage negotiations the company has been attempting to remove the 10-minute rest break on Friday afternoons.

Shop stewards have more than once referred to management "sticking it to the workforce" through harder work. Management says the shopfloor has responded well with not only production line changes but also by cutting down absenteeism.

Ford has a four-year long-term productivity objective contained in its After Japan proposals and involving radical Japanese-style operating techniques, manning levels and working practices.

These include production employees repairing faults, certifying their own work and doing simple maintenance functions. They would also be required to keep their work areas clean and assist in line feed. Skilled employees would have to be almost fully flexible.

The company, which complains that it needs very significant productivity improvements just to match those of its European plants, is talking in the order of reducing the workforce by 10 per cent per year for four years. That equates to more than 20,000 jobs.

Negotiations have yet to begin on this and, assuming they take place, are likely to be extremely difficult despite a promise from the unions to discuss anything the company wishes to bring up. The company has just warned the unions about deteriorating profits and the scene could be set for some harsh bargaining.

The unions have their own shopping list and argue that Ford of Britain is still a very important and relatively thriving profit centre within Ford's structure worldwide, although pay in the UK is well behind that of Ford workers in most other countries.

The company has been quietly working to establish quality circles but the unions have effectively halted that, saying there has been no negotiation with them.

Nick Garnett

Kenneth Gooding looks at the thorny issue of vehicle shipments from Japan to Britain

Tensions renewed

LATER this month the British and Japanese motor industries will once again begin the strange diplomatic dance which has become an important ritual for both. If you cut through the careful phrases and euphemisms, the talks will be about how many cars and light commercial vehicles the Japanese should be permitted by their Government to ship to the UK next year.

The procedure dates back to the collapse of British Leyland, later renamed BL, in 1975. As part of a package of measures — including nationalisation of the company — the Labour Government of the time persuaded the Japanese to put "temporary voluntary restraint" on their attack on the UK car market.

The Japanese understood what was required because until 1965 their own car market had been totally protected and the tariffs were not finally eliminated until 1973.

The two industries were given the job of sorting out the details because the UK government believed that if it made a direct approach to the Japanese government it would contravene EEC laws.

So the Society of Motor Manufacturers and Traders (SMMT) and the Japanese Automobile Manufacturers Association (Jama) have held regular meetings ever since.

The situation has been complicated further by the fact that Japan has stringent anti-cartel regulations which are supposed to prevent the manufacturers from discussing such topics as who should have what market share in which country.

That is why the Japanese have never been able to commit themselves to restricting their UK market share to a specific percentage.

Various euphemisms have been used in the communiques issued after the SMMT-Jama meetings, the latest being that the Japanese will be "prudent" in the marketing in Britain.

But behind the scenes a pretty clear picture emerges of what "prudence" means. And the British have been very upset when the Japanese have not been able to deliver their promises, as has been the case for the past couple of years.

As the Japanese companies are not permitted to talk about market shares, the matter of what "prudence" actually should mean for each of them is in the hands of the Japanese Ministry of International Trade and Industry (Miti).

Miti suggests how many cars each company should ship in a year and bases its suggestions on historic shipments and sales. In recent years the formula has allowed some growth for the companies which have only recently found importers in the UK market, like Colt, Subaru, Suzuki and Daihatsu.

One important effect of this formula has been to help Datsun UK, the privately-owned importer of Nissan's cars, and an early starter in the British market, maintain a very strong leadership among the Japanese companies.

One really unfortunate side effect of the "voluntary restraint" system is that it has established in the minds of the British public the impression that somehow Japanese cars are better than those produced in Britain. Otherwise why would UK-built cars need protection?

In fact most Japanese cars are inferior to British and continental vehicles in both refinement and fuel consumption. But the Japanese lead in manufacturing techniques and efficient use of labour which gives their cars better quality—in terms of reliability. It also enables them to be landed in the UK at around £750 a car cheaper than if they were manufactured entirely in Britain from British components and raw materials.

In 1974, just before the voluntary restraints were first employed, Japanese car sales in the UK totalled 58,152. In 1975 they moved up to 107,000, in 1976 to 121,000, in 1977 to 140,000, in 1978 to 174,000 and in 1979 to 185,084.

It was not until last year that the Japanese suffered their first volume reversal and registrations dropped to 180,190. This year the volume is down again, from 160,685 to 141,549 in the first nine months.

One recent authoritative estimate, from Mr Daniel T. Jones in a Sussex Research Centre paper, suggested that the voluntary restraint was keeping 150,000 Japanese cars a year out of the UK market—based on the assumption that the Japanese could have taken a 20 per cent share.

To compensate for this loss of potential market and for the drop in unit sales in the past couple of years, the Japanese started to build up shipments of light commercial vehicles to Britain.

It was the light commercial issue which sparked off the recent tension between the Japanese and British manufacturers. Sir Michael Edwardes, chairman of BL, was so upset by what he believed was the Japanese going back on an agreement with the SMMT that he suggested the industry-to-industry talks should be stopped and the whole question of vehicle shipments from Japan be dumped into the laps of the respective governments.

Most Japanese cars are imported to Britain by independent companies. Only Honda has its own subsidiary acting as its importer.

Naturally, the importers, trapped as they are in a political battle, are bitter about the voluntary restraints. They have maintained in the past that far from helping BL to recover the restraints have merely let the Continental manufacturers win a bigger market share at the expense of the Japanese.

This argument does not stand up to examination however, because the major jump in the EEC content of car imports to Britain is accounted for by Ford's "tied" imports from West Germany and Belgium.

Conflicting views over the Nissan project

THERE ARE two distinct views about the prospect of Nissan of Japan setting up a 200,000-cars-a-year plant in Britain.

Some politicians see it as a chance to boost UK car production once again to reasonable levels for an industrial country with a population of 50m plus.

Vehicle output in Britain, which peaked at 1.9m in 1973 will probably be around 850,000 this year. Compared with Nissan's potential output, BL last year produced 396,000 cars, Ford of Britain 343,000.

Those in favour of the Nissan project see it creating jobs—between 4,000 and 5,000 when in full production.

The Government believes Nissan could bring Japanese expertise in the fields of productivity and quality control to Britain and help component suppliers improve their performance in these areas to the general good of the industry.

Those opposed to the Nissan project maintain that in the long term car output in Britain will decline because neither BL nor Ford, with their old plants and more important traditional union agreements, will be able to compete effectively with the Japanese group.

If Nissan goes ahead it is likely to produce two models which would compete directly with BL's forthcoming LM 10 range and the Escorts and Cortinas from Ford.

Far from creating jobs in Britain, the project could lead to a further rapid contraction of the UK components sector. Ford has drawn up a scenario which uses all the most-pessimistic criteria and suggests a net loss of 50,000 jobs in the British motor industry.

There is a widely-held theory that the Japanese are ready to concentrate their next major thrust in the motor industry in the component sector.

Some Europeans—who subscribe to the idea that Japan's industrial efforts are carefully co-ordinated by the Ministry of International Trade and Industry (MITI)—go so far as to suggest that the Japanese would like to make the world motor industry dependent on them for most key components.

They fear the Nissan project might help bring that day closer.

So at the centre of the debate is the question: On what terms should the Japanese car makers be welcomed to Britain and, via Britain, the EEC?

The European manufacturers calculate that if Nissan established an assembly-only operation in the UK and imported all major parts from Japanese factories rather than buying them in the Common Market, it could save £750 on each car. That would give the company the flexibility to choose between declaring outright price war or making huge profits or something which combined a bit of both.

DATSUN

In Britain, the Datsun name is better-known than Nissan, but the company intends to drop the Datsun trade name during the next few years

Sir Michael Edwardes, chairman of BL, and as such not an entirely neutral witness, summed up this way. "If the project is genuinely intended to provide an EEC manufacturing base for Nissan products, then we shall be willing and able to compete with them. If, however, Nissan's intention proves to be to establish a largely cosmetic assembly operation in the UK while maintaining a very substantial Japanese content for its products, then we shall make strong representation to the Government.

"In that case Nissan's ability to benefit from traditional Japanese advantages, such as the supply of cheap components and sub-assemblies from smaller companies providing very low wages and poor working conditions, will result in a net loss [illegible]obs in the UK because of its impact on other car manufacturers and the component industry.

"That is why the issue of local content is so important."

Nissan recognised this fact from the outset and when it announced in January that it was to have a feasibility study it told the Government that, if it went ahead, the cars it would produce in Britain would start with a 60 per cent European content rising to 80 per cent as soon as possible.

But it did not specify how the percentage would be measured and Nissan directors, even under the closest questioning, refuse to give any indication about their thoughts on this subject.

So far the Department of Industry has deliberately remained vague about what criterion it has in mind.

Nissan still has to decide whether to go ahead with the project and neither the company nor the UK Government are interested in putting yet another unviable car plant into Britain.

Nissan is decidely nervous about making probably the biggest investment by any Japanese company of any kind in Europe—between £200m and £300m.

K.G.

APPOINTMENTS

New chairman of Albright & Wilson

Mr J. P. Diesel, president of Tenneco Inc, has been appointed a director of ALBRIGHT AND WILSON and has been elected chairman. He replaces Mr G. H. Meason who is retiring from Tenneco Inc, Houston, Texas, and has hence resigned his chairmanship of Albright and Wilson, a wholly-owned subsidiary.

★

Mr Michel N. Buswell, who is at present familiarising himself with group activities, has been appointed to the board of COLD STORAGE HOLDINGS to succeed Mr V. S. Dalgaard as group chief executive on the latter's retirement in January. Mr Buswell was previously a director of Dalgety UK. Mr S. R. Parker, chairman, will not be seeking re-election at the annual meeting in May. Mr Lim Kee Ming will succeed Mr Parker as chairman.

★

Mr Edward Carter has been appointed managing director (administration) of RIVERMOOR MANAGEMENT SERVICES, which manages London Trust and several other investment trust companies, in succession to Mr Stan Francis who has retired.

★

Mr Allan Fyfe has been appointed operations director of JETSAVE and Mr Michael Beaumont becomes reservations director.

★

AKZO CHEMIE UK has restructured its board. From November 1 the directors will be: chairman, Mr J. C. P. van Oosterom, who is also vice-president of Akzo Chemie BV, Netherlands; deputy chairman and managing director, Mr I. E. S. Butler, who will also have responsibility for the southern manufacturing locations; Mr N. Armstrong, responsible for the northern manufacturing location; Mr K. R. Dines, sales; Mr H. C. Rogers, finance; and Mr C. H. Stoor, business development.

★

Mr Robert Gregory has been appointed divisional director, field engineering division of NCR.

★

Mr Keith M. Mason has been appointed managing director of the TEMPERED SPRING COMPANY, a member of the AE Group. He succeeds Mr C. G. Young, who has been appointed divisional managing director of AE's industrial products division, of which Tempered Spring is a part. Mr Mason joins Tempered Spring from Johnson and Firth Brown, where he was a director of the JFB rod and wire division.

★

Mr R. C. Delaney and Mr G. Hardisty have been appointed to the board of MEDMINSTER.

★

Mr W. F. E. (Bill) Price has been appointed deputy chairman and Mr T. M. Beecroft, formerly chief accountant, has been appointed joint managing director and company secretary of R. H. INGRAM AND SON.

★

CARRINGTON VIYELLA has made the following board changes: Mr P. M. White, managing director of home furnishings division, has been appointed a director. Mr J. L. Hewitt, formerly with Boston Consulting Group, has been appointed finance and corporate development director. Mr C. J. Crowe, treasurer of Imperial Chemical Industries, has been appointed a non-executive director.

★

The following have been appointed directors of BURMAH SPECIALITY CHEMICALS, a wholly-owned subsidiary of The Burmah Oil Company: Mr M. J. Moore, chief executive adhesives and sealants division; Mr A. J. Green, chief executive Dussek Campbell division; Mr L. W. Pilgrim, finance director; and Mr C. H. H. Cook, personnel director.

Other senior appointments are: Mr H. J. Dunkerton, financial controller, Mr D. A. Farley, technical manager, Mr D. W. Hargrave, marketing services manager, Mr P. A. Kimberley, development manager, and Mr L. A. Nuttman, systems services manager.

★

Mr Brian R. Burrows and Mr Harold Cowan have joined J. BESSO AND CO. as directors.

★

FULTON PACKSHAW has made the following board changes. Mr R. S. O'Brien, chairman of the Charles Fulton Group, has relinquished the chairmanship to Mr R. D. Packshaw. Mrs A. M. P. Howorth continues as managing director and Mr A. D. W. Robertson becomes deputy managing director.

★

Mr James M. Gunning has been appointed an executive director and a general manager of MERCANTILE CREDIT COMPANY OF IRELAND from November 1.

★

BERKELEY SEVENTH ROUND, a subsidiary of Berkeley Exploration and Production, has appointed Mr Richard H. W. Bullock to the board as a non-executive director. He is a former deputy secretary in the Department of Industry.

★

The board of CLARKSON PUCKLE UK has been reconstituted as follows: Mr A. G. C. Howland Jackson, chairman, Mr B. M. Waters, managing director, Mr C. L. Burgess, Mr A. J. Duggan, Mr A. J. Ellison, Mr B. Etchells, Mr J. W. Fielding, Mr. A. J. Faser, Mr G. T. McGowan, Mr D. C. Millwater, Mr P. L. Moriarty, Mr W. L. Peach, Mr J. Tanner, and Mr N. R. Tiley.

★

Mr Richard Mark has been appointed a senior vice-president and Mr David G. Olley a vice-president of NORTH CAROLINA NATIONAL BANK. Both are executives in the bank's London-based subsidiary, Carolina Bank.

★

Mr B. I. Pitman, deputy chief executive of Lloyds Bank International, has been appointed deputy group chief executive of LLOYDS BANK from January 1.

OVERSEAS

Mr Ralph Sepel, who is chief executive and managing director of Albany Life Assurance Company, has been appointed non-executive chairman of FINANCIAL LIFE ASSURANCE COMPANY OF CANADA. Both Albany Life and Financial Life are wholly-owned subsidiaries of the U.S. insurance group American General Corporation.

★

Mr Krister Wallin, at present finance director of the Swedish Investment Bank, Stockholm, has been appointed finance director of ASEA, Västerås, from December 1.

★

Dr Thomas M. Cawthon has joined PENNWALT CORPORATION as vice president and technical director. He was vice president - marketing for Arapahoe Chemicals, Boulder, Colorado. Dr Cawthon succeeds Dr G. Barth-Wehrenalp who retired in June.

★

Mr Alain Juillet is to return to PERNOD RICARD as development director. He began his career with Ricard France in 1967 and has been adviser to the External French Chamber of Commerce since 1978.

Mr Brendan Coyle, formerly director of product management for Dataproducts, Dublin, has been promoted to vice president and general manager of the supplies division of DATAPRODUCTS CORPORATION, Chatsworth, California. He succeeds Mr Richard Ericson, now vice president and general manager of the Dataproducts word processing division in Irvine, California.

★

Mr Richard H. Finn has been appointed chief executive officer of TRANSAMERICA INTERWAY, New York, Transamerica Corporation's transportation equipment leasing subsidiary. He continues as Transamerica Interway's president, and succeeds Mr James P. Thrasher, who has resigned as chairman and chief executive officer but will continue to be available to the company as a consultant.

★

Tan Chin Tuan, chairman of the Oversea-Chinese Banking Corporation, a leading banker and businessman in Southeast Asia, has been elected to the international council of THE SALK INSTITUTE FOR BIOLOGICAL STUDIES, San Diego, California.

MOTOR CARS

RESIDENTIAL PROPERTY

COMPANY NOTICES

NOTICE TO HOLDERS OF BEARER DEPOSITARY RECEIPTS (BDRs) IN COMMON STOCK OF HITACHI, LTD.

We are pleased to confirm that copies of the Annual Report as at March 31, 1981 of Hitachi, Ltd and Consolidated Subsidiaries are now available to BDR Holders upon application to the following conversion agents:

Citibank Branches in—
Amsterdam Frankfurt
Brussels Milan
Paris

and at:
Banque Internationale a Luxembourg S.A., Luxembourg.

CSSI Office,
Citibank, N.A.
London Depositary.

October, 1981.

BUCKINGHAMSHIRE CC

The Buckinghamshire County Council announce that the interest rate on their Variable Rate Redeemable Stock 1982 for the period 21st October 1981—21st April 1982 is 8.4688 being equal to ½% per annum above the average six month sterling Deposit rate offered on or about 10.00 am on the 20th October 1981.

PERSONAL

TRAVEL

PUBLIC NOTICES

LOCAL AUTHORITY BILLS
METROPOLITAN BOROUGH OF KNOWSLEY

£1,000,000 Bills issued 21.10.81 maturing 20.1.82 at 15⅛%. Applications totalled £9,000,000 and there are £2,000,000 Bills outstanding.

BRIGHTON BOROUGH COUNCIL

£1.45m Bills issued 14th October 1981 due 13th January 1982 at 14[illegible]%. Total applications £4.35m. No other Bills outstanding.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

As the annual conference of the UK's Institute of Personnel Management opens today, **Dennis Bexson** and **Arnold Kransdorff** spotlight two areas of concern

Wanted: more muscle for Personnel

THE GREATEST strategic risk to a company in today's uncertain world is the least recognised: managers' lack of ability to switch direction rapidly—to identify the opportunities, develop the plans, build the organisational system and generate the collective energy and commitment.

Yet many European companies are now at a turning point requiring fundamental and rapid changes in goals and strategy: they will remain in this difficult position throughout the 1980s.

The new generation of corporate goals should underline the need for a fundamental reappraisal of existing businesses, for disposals when targets are seen to be unattainable, and for well-planned entries into profitable new lines of business.

With strategic and product renewal such an urgent task, the ability to change rapidly will be at a premium. So skilled and enterprising managers will be needed to identify and select from the strategic alternatives, to establish realistic plans and inspire the organisation to translate them into results. All this requires considerable insight, professional knowledge and powerful skills of leadership. Experience derived from a narrow field, where highly supportive procedures and systems are available, is inappropriate.

If the challenge of strategic renewal is to be met, the personnel function must be entrusted with a major role in the process of change — in resourcing the organisation, making it effective and adapting it to the changing climate of employment and satisfaction at work.

So Personnel must be fully involved with line management in planning and implementation: measuring up the organisation's needs for people (including leadership characteristics and style appropriate to particular strategies); assessing the potential that exists; following up with resourcing, training and development plans; and orchestrating those processes and attitudes that enhance team performance.

Bringing a keen influence to bear from the centre is a demanding task in any culture. In personnel, more than any other function, there are fundamental differences in needs and

process between one organisational system and another. The control-orientated personnel administrator from a "top down" single product stream business would not have much impact on the diversified and decentralised conglomerate, where balancing the importance of current administration and future planning, and putting over the real needs of the business is a subtle art. And yet such mismatches continue to be made.

The personnel director must fully understand the business and be strategically aware. He must know thoroughly how the organisation works, what resources it needs for its strategic options, and the short and long range profit implications of the employment and resourcing policies that he recommends. Above all he must rise to the demands of strategic management and be an integral part of planning and implementing future change.

The personnel professional steeped in his field may shape up to the task no more effectively than a general manager drafted in from outside to beef up the personnel department's impact and presence. But more often than not a blend of personnel skills with periods of general management exposure is the most appropriate. The outside perspective of a non-executive director is also helpful, since the non-executive cannot avoid concern with the ability of individuals, with their relevance to the future and with the effectiveness with which they knit together.

Rarely now does the need exist solely for the personnel administration expert, any more than it does solely for the guru whose forward thinking will shape organisational style and employee relationships in the years ahead, nor indeed for the resourcer, whose dedicated concern for recruiting, development and training can mask other factors of an equally significant kind.

It follows that specifying the blend of process skills, vision and perception required of the personnel director position, and fitting the man to the organisation, are of vital importance. Precise needs must be identified, the critical issues of culture distilled from the details of functions and relationships and the right balance found in qualifications, experience and personal characteristics to meet tomorrow's need.

D. B.

Until recently Dennis Bexson was a partner with the Corporate Consulting Group. He has recently been appointed Personnel Director of Plessey Electronic Systems. He previously worked with Leyland International and Ford of Europe.

The 'risk' of promoting women

HIGHLY qualified women in the UK are generally better paid than their male counterparts in lower ranking management jobs. However, salaries move increasingly in the men's favour as seniority increases, in spite of the fact that the jobs done by women in the top grade are generally higher than those done by men.

According to a new study into the careers of 80 men and women graduates*, lower ranking female managers are paid an average £8,769 a year—eight per cent more than men in the same category. In the top category, women are paid an average £11,250—equal to 85 per cent of the men's rates.

The author of the study, Graham Crow, a former personnel director of the car division of Rolls-Royce Motors, suggests that the disparity may arise because employers are prepared to retain the services of highly qualified women in modest jobs where they excel, rather than take what they see as the "risk" of promoting them.

In order to accomplish this, he adds, the employer has to pay women in the lower grades "over the odds."

Crow, who is now general manager of United Personnel, a company marketing computer packages for personnel information systems, conducted the research as part of an MBA course at Manchester Business School. The study, published in The Business Graduate," broadly confirmed the generally-held view that women business graduates—in common with other women—do not reach the same level of achievement as their male counterparts.

Crow notes that the difference in success between men and women is observable in terms of current salary and job level, salary progression and career performance.

As his source material he chose to examine the post-MBA careers of an equal number of men and women from Manchester Business School. Although the proportion of women on the current MBA programmes now exceeds 20 per cent, only 43 have graduated since the School opened 15 years ago.

Crow notes that women now make up around 37 per cent of the total UK workforce—yet they account for only 13 per cent of managers.

Taking the median levels of his respondents' salaries, Crow observes that the men were all paid more throughout the range. He notes that the difference becomes more marked at the extremes, with women being paid 86 per cent less than the men at the median level.

The study also showed that there was not equal access to jobs at all levels. Using a system which attempted to equate job levels, Crow found that the seniority of jobs done by women in the top grade was higher than those done by the men, but that in other grades they were about equal. Not surprisingly, women's jobs predominated in the low grade.

Married

In terms of salary history and career achievement, Crow observes that from a position of virtual equality at age 20/21, there is a clear and consistent divergence, with the women's salaries falling progressively further behind those of the men.

While both showed consistent growth in real terms for the period to 1979, the average annual increase for men was 24 per cent while it was 19 per cent for women.

Comparing the level of remuneration before and after the attainment of a degree, Crow says that the results confirmed the general expectation that a business school qualification is usually of help in raising one's income, both in the short term and long term. However, the effect seemed to be more marked for women, where the increase was 39 per cent against 19 per cent for men.

Even so, he notes, women's salaries after graduation were, on average, only 94 per cent of men's.

On a social level Crow found that almost 60 per cent of the male respondents had married, while for women the figure was 40 per cent. Nearly 30 per cent of the single women reported a permanent relationship outside marriage, compared with only 15 per cent of the single men. Of the married respondents, almost 70 per cent of the men had children against less than 40 per cent of the women.

Crow says that while the main conclusions of the study may be dispiriting, there is plenty of evidence that changes are being made through a combination of legislation and pressure groups.

"But changes on a large scale demand a fundamental shift of attitude, and this must percolate downwards to affect the upbringing of children in school, and earlier."

* *A Comparative Career Study of Men and Women Graduates of the Manchester Business School. By Graham Crow, published in the summer issue of The Business Graduate, 315 Regent Street, London, W1. Price £3.50.*

A. K.

BOARDROOM BALLARDS

THE HUMAN SIDE OF ENTERPRISE

Since human beings, I surmise,
Are what companies comprise;
And human beings, what is more,
Are what businesses are for;
And since directors, too, are born
More-or-less in human form;
You might expect the people sector,
To have the dominant director.

*

The actuality, I find,
Is mostly of another kind!
And many a well-intentioned fella
Becomes this boardroom Cinderella,
Who, having learned to buy or sell,
Gets Personnel thrown in as well!
And occupies the twilight zone
Between this function and his own!

*

Afflicted by his sudden curse,
He looks around for books—or worse,
In his desperate search for rules,
Has recourse to Business Schools;
Discovering that what he thought
He ought to do, he didn't ought,
From strangely incoherent mystics,
Dabbling in Behaviouristics,
Or high on Theory X or Ys,
With hygiene factors in their eyes.
And, mesmerised by hocus-pocus,
He desperately tries to focus
On how it possibly relates
To pickets at the factory gates;
Or maladjusted foremen who
Make wrong advances in the loo;
Concluding that the people part
Is less a science than an art!

*

There is another school of thought,
To which some companies resort,
In desperation at the war
Between the board and factory floor.
In this, the said director gives,
To worker representatives,
Occasional selective looks
At what is written in the books,
Hoping this may quench the flames
When they next submit their claims.
But, sadly, this enlightened cult,
May have the opposite result,
And give the workers new pretentions
To company cars and richer pensions;
And whet their appetite for passes
To join the upper social classes.

*

This is really why, I think,
Some Personnel Directors drink,
Preferring to revert to sin
Than face the fact they cannot win—
Before the final revolution
Provides the ultimate solution.

Bertie Ramsbottom

NEXT WEDNESDAY: THE MARKETING DIRECTOR

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Terms and conditions

In law is it absolutely necessary for companies to print their terms and conditions of sale on the reverse of quotations, order confirmations, etc or is it sufficient to state that "Orders are subject to our normal terms and conditions of business"? Is there any work of reference which details "model" standard clauses?

It is not necessary to print terms and conditions on the stationery which you mention: but if terms are to be incorporated by reference it is desirable to state that a copy of the terms will be supplied on request; and, of course, to have a settled form of such terms. The Encyclopaedia of Forms and Precedents may be consulted for standard forms; but it is wise to have a suitable form drafted which is tailored to your firm's needs.

Information entitlement

I have not received any reports for a company in which I am a shareholder since that for the year ending March, 1976. I have requested but without response: (i) copies of Directors' Reports and Audited Statement of Accounts for the years since March, 1976; (ii) to receive formal notice of future AGMs; (iii) names of the present officers of the company, not stated on the letter heads.

To what am I entitled by law and how should I proceed to obtain it?

You are entitled to the information which you seek. A company search will produce it. You can then communicate with the company secretary and require him to give you proper notice of general meetings.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

THE ARTS

Television

The best of the B's

by CHRIS DUNKLEY

What a giant among conversationalists is Parkinson! It is no doubt the sheer versatility of the man's interlocutory genius that makes him worth whatever king's ransom the BBC pays him, and the sparkling quality of his repartee which justifies the use of his name as the programme title. When I switched on *Parkinson* on Saturday mine eponymous host was pronouncing the words "very unique." During the next 50 minutes with Windsor Davies, Kenneth Williams, Douglas Bader and Vera Lynn, his inexhaustible volubility included the following:

How did you get that part in fact?

You knew the reality of the Army entertainment units because you in fact were with one.

That's in fact the only time you worked abroad isn't it?

It's very much in fact a reassessment of the Battle of Britain.

I think most people believe you lost your legs in the war and in fact is was in 1931.

Golf was the one sport you could in fact play.

You irritated them so much of course that in fact they took your legs away.

I said to Douglas Bader in fact that your damehood was long overdue.

OK, well that's the lot from us tonight in fact.

You might think it impossible to find another chat show so awful as to make that seem positively witty and glittering but you would be wrong. *Johnny Carson's Tonight Show* manages it. To be fair, Parkinson's show is a harmless enough way of killing time as you doze over a nightcap, and he does have the virtue—no, seriously, he does—of allowing his guests to answer his questions.

Indeed, Kenneth Williams, having trained for so long on the radio game *Just A Minute*, looked as though he might be trying to launch a television version called *Just An Hour* in which the contestant attempts to speak for 60 minutes without hesitation, repetition or straying from the subject. I can quite believe Parkinson who remarked that it was the longest answer anyone had ever given to one of his questions.

An hour after that finished, London Weekend brought us (well, most of us—a few lucky areas such as the South and the Midlands were spared) an American product which should, just for starters, be prosecuted under the Trade Descriptions Act. Because of the time it takes to reach us the title of *Johnny Carson's Tonight Show* is inaccurate. Furthermore, being preoccupied with the activities and atmosphere of that most parochial and introverted of all communities, north-west suburban Los Angeles, it has virtually nothing of interest or amusement to convey to an international audience. For British consumption the series should be called *Johnny Carson's Quite A Long Time Ago On The Far Side Of Another Continent Show.*

This week the guests were a conjuror and an actress who claimed to be wearing a see-through blouse but clearly wasn't. As you would expect, both were plugging their latest ventures. For all their predictableness, however, it was Carson himself who was the real disappointment. Once every five or ten minutes he said something mildly funny, but he and the audience and an almost unbelievable character who feeds lines to Carson and fills in when the great man forgets (the names of Nixon and Carter for instance) have all been conditioned to believe that Carson is just the funniest thing since The Three Stooges.

So every time Carson speaks everyone falls about. His feed man goes "A-ha-ha" very loudly and very slowly, and—as we see only too well since the cameras spend half their time cutting away to reaction shots to cover for commercials which in Britain don't arrive—the audience performs like a school of hysterical seals raised on purple hearts and anabolic steroids. It is enough to inspire anti-Americanism even in the most benign.

Yet what concerns me most is not that it is mindless foreign twaddle which we shouldn't be importing since we make better mindless twaddle of our own, but the fact that it is presented to us as part of "the blockbuster autumn on ITV." Even if you lump together all the new season's offerings on all three channels what you find doesn't feel much like a blockbuster.

There are, or have been, one or two good things, all of them seemingly starting with the letter B, the most obvious being *Brideshead* which was reviewed here last week. BBC1's *Blood Money* was the best thriller serial to have appeared anywhere on British television for several years, ending as it began, fast and furiously with the tension wound up to a satisfactorily high pitch by Michael E. Briant's direction and Arden Winch's writing. The tacit but clear doubts about military bodies of the SAS sort getting above the law left a powerful and healthy after-taste.

Bergerac looks like a comparable replacement for *Shoestring* this time with Jersey providing the scenery. Episode 1 showed that the sleuth of the title is just your average young detective of 1981: a divorced alcoholic with a nerve problem and a crooked millionaire ex father-in-law. With plenty of location film work it really does look as though it could be passably entertaining, though.

There is also *The Stanley Baxter Series* which may or may not qualify as a "B." The opening show provided several good laughs, especially from the wickedly accurate send up of *Mr and Mrs* (although many adult males have probably never seen the original daytime game show). But it also raised two doubts: that in taking on a six part series instead of his usual hour-long special Baxter may be stretching his material too thin, and that, like so many impressionists, some of his targets nowadays are dreadfully out of date. My only knowledge of Schnozzle Durante is from other people's impressions, and all I can say is that Baxter's is funnier than Eric Morecambe's. Whether either is anything like Durante I really don't know.

The final "B" is *The Borgias* which has taken such a savaging from other critics. I still have high hopes for it, not just because bad first episodes have a record similar to bad dress rehearsals as being the preludes to great triumphs, but because the subject and the setting under the production of Mark Shivas seem to me a television natural.

If *The Borgias* does eventually prove to be a hit then Autumn 81 will have produced two, *Brideshead* being the other. Perhaps that is what is meant in the world of television by a "blockbuster autumn," but there does seem to be an awful lot of very average material around playing no part in the busting of the block.

BBC1's Thursday night double, *Fanny By Gaslight* and *The Day Of The Triffids* which ended last week were both rather less than compulsive viewing. The comedies are an unusually poor lot too: ITV's *Pig In The Middle* which at least had Dinsdale Landen in its first series has now lost even him; BBC2's *Roger Doesn't Live Here Any More* which at first seemed to promise leisured quirkiness turned out to be merely slow and peculiar; and (apart from pointing out that the title was their own choice) the less said about BBC2's *Revolting Women* the better.

The funniest thing about *Mussolini With Knickers* was the title which was purloined from Les Dawson and used shamelessly as a hooker for one of those po-faced attempts to "analyse" humour. You could see why *BBC2* had agreed to transmit this Open University production in mid evening: it was full of seaside postcard jokes, clips from a stand-up routine by Dawson, and comments from mass media trendies.

The trouble was that although all were supposed to be concerned with mothers-in-law (hence the title) no one constituent seemed to have any connection with another. So the only impact was made by Les Dawson, easily the strongest character around, whose conservative towards comedy and women were made to seem like profound common sense compared to the fashionable verbiage surrounding him.

The fondness among sociologist and semiologists for "discovering" deep significance where none has previously existed becomes ever more absurd. When I reveal that by subtracting the filial suffix from the names of Saturday's chat show hosts you get Car Parkin I fully expect the semiotic significance to strike some polytechnic professor as so staggering that he will bring out a whole series of programmes on the subject.

Meanwhile a hand grenade autumn would seem to be our lot.

John Nettles as Jim Bergerac

Sadler's Wells

Shochiku Kabuki

by CLEMENT CRISP

Were the formal beauty of Kabuki not enough inducement, it would be worth going to Sadler's Wells this week to see a great actor in two contrasting roles. The Shochiku Kabuki troupe, which opened on Monday, offers in its star, Ichikawa Ennosuke III, a stunning performer. He appears first as dancer in *Renjishi*, a gorgeously stylised incident concerning a parent lion who trains his cub in the ardours of survival by pushing it over a cliff edge, and then awaits its safe return.

The opening scene in fact shows us two actors—Ennosuke taking the parent's role, Danshiro that of the cub—who play out the dance drama, gloriously caparisoned, tremendous in stamping and leaping. We sense already the power of Ennosuke's art as he waits, a prey to every unease, for the return of the younger lion.

There follows an interlude in which two butterflies dance, and then, returning along the *hanamichi* (the "flower path" that cuts across the auditorium and allows the actors to make those stunning entrances and exits) Ennosuke and Danshiro reappear, no longer actors, but the spirits of the lions. Their costumes now topped with vast manes, they dance again, more bravely and magnificently than before, and we sit amazed.

The second play, *Shunkan*, is more serious as drama, telling of three men who rebelled against a clan leader, and were exiled to an island, where we find them. A pompous envoy arrives bringing an amnesty for two of them. But Shunkan, their leader, is to be left behind. The convolutions of the action mean that Shunkan kills the envoy, and must remain on the island to atone for this murder. The piece gives Ennosuke a role in which the psychological complexity of the character rather than stylistic nobility of expression is the chief concern.

His performance suggests, at every moment, the continuing power of Kabuki, its constantly renewed freshness. There are all the phenomenal vocal contortions we associate with the Kabuki actor's art, and the transitions between naturalism and the utmost refinements of behaviour, but they serve a readily comprehensible drama, one in which artificiality of means has been rejected in favour of expressive directness. And Ennosuke's bravura playing, culminating in the scene in which he watches the boat depart with his companions on board, is in every way impressive. Standing on the seashore, then climbing a sea-girt rock to catch the last sight of the ship, the rag-draped figure of Ennosuke is haunting in granduer and pathos. Tremendous.

Ichikawa Ennosuke III dancing in 'Renjishi'

Contemporary music in Venice

by WILLIAM WEAVER

Founded in the 1930s the Venice Festival of Contemporary Music, part of the Biennale, really came into its own after the Second World War, when it presented a dazzling series of world premières. Dallapiccola, Stravinsky, Britten attended gala first performances of their works at the Teatro La Fenice, where the rising younger generation—Berio, Maderna, Nono—also attracted attention, and, on occasion, polemics. The audience, however, was largely made up of professionals: critics, composers, music publishers; and all of them seemed to lose interest in the Festival in the late '60s. Smaller, more adventurous groups in other cities, like Rome and Palermo and Milan, began organising livelier programmes; and in 1973 the Venice Festival closed down.

But now, as part of the general revival of the Biennale, it has been brought back to vigorous life under the direction of the Venetian music critic Mario Messinis. Operating on a strictly limited budget, he has been able, nevertheless, to put together an attractive, stimulating series of events, and Venice is beginning to regain some of the glamour it possessed in its golden years.

Perhaps the most exciting event this year was the world première of the *Suite from "La vera storia"* by Luciano Berio. Actually, this was a kind of preview-sampling of a full-length opera, *La vera storia*, which Berio has been writing for some time. Based on a text by Calvino, the work has now been firmly announced for performance at La Scala early next March. Anticipation is naturally high, so the Teatro Malibran, was crowded.

For reasons of his own (he wanted to give the future Scala producer an idea of the scenes most difficult to stage) Berio chose for this "suite" mostly massive choral scenes, impressive in themselves but obviously not calculated to give a notion of what *La vera storia* will be like as a whole. Calvino's libretto is, apparently, not so much a story as an essence of one. There are operatic situations (a duel, an execution) and emblematic characters (heroine, hero, villain, and mob); their source, as interviews have revealed, is *Il trovatore;* but neither the writer nor the composer wanted to recreate, still less to "re-interpret" the Cammarano-Verdi masterpiece. More than that, the intention seems to be both to present an essential opera and, at the same time, to comment on it, to view it. In fact, the text of Act One is repeated in Act Two, but treated from a different viewpoint.

The crowd scenes of Act One, which make up most of this suite, are Berio at his most inventive; alternately aggressive and nuanced, they are masterly in their exploitation of orchestral and choral possibilities. The briefer passages for solo singers (bass Giancarlo Luccardi and soprano Edith Thallaug) prove once again, Berio's supple, sure handling of the voice. The soprano's muddy enunciation made her words hard to understand — the hall was resolutely darkened, so there was no possibility of reading the programme — and the on-stage positioning of the chorus impeded the reception of their text, too. Still, the chorus and orchestra of the RAI, Turin, seemed totally committed, under the secure direction of Marcello Panni.

The same evening included Bruno Maderna's little eight-minute Flute Concerto, composed not long before his death in 1973: a minor, but engaging work; and Ivan Vandor's *Cronache* (parte 1), in which verses from the Book of Chronicles are muttered and jabbered by the chorus, against explosive, carefully-gauged orchestral drama. An individual, stimulating work by this too little-known Hungarian-Italian composer.

The Venice calendar is crammed with events. There are two, even htree concerts every day, punctuated by lectures, round-tables, and what are frankly, if discouragingly, called "lessons." In the few days I was in the city, besides the concert mentioned above, I heard the world premiere of Petrassi's staid, aloof *Poema* for orchestra (the Turin again, conduced by Giuseppe Sinopoli), a perky, Dvorak-like *G Song* for string quartet by Terry Riley (Kronos Quartet), some Cage, some Carter, and about an hour's worth of Sinopoli's opera *Lou Salome*, again a "suite" for orchestra and soloists. This opera was first given last May in Munich (the libretto is by Karl Dietrich Gräwe): on the basis of these selections—chiefly the Lied-like soprano arias—one would say this is an extremely accomplished, reactionary composition. Some of the critics, in reviewing it, mentioned Berg and Mahler: to me there were moments that sounded more like Brahms. I found it sinfully enjoyable, amid some other works that were distinctly tough going.

The Venice Festival lasts just about two weeks. The determined concert-goer can thus, in a fairly short time, form a more than adequate idea of what is happening musically there days in Italy, and not only in Italy.

Picasso exhibition breaks records

The Arts Council exhibition, *Picasso's Picassos: An Exhibition from the Musée Picasso, Paris*, which closed on Sunday, October 11, after a 12-week run, achieved a record attendance of 221,618. This was the highest for any exhibition staged by the Arts Council during the Hayward Gallery's 13 year history.

Festival Hall

Pollini

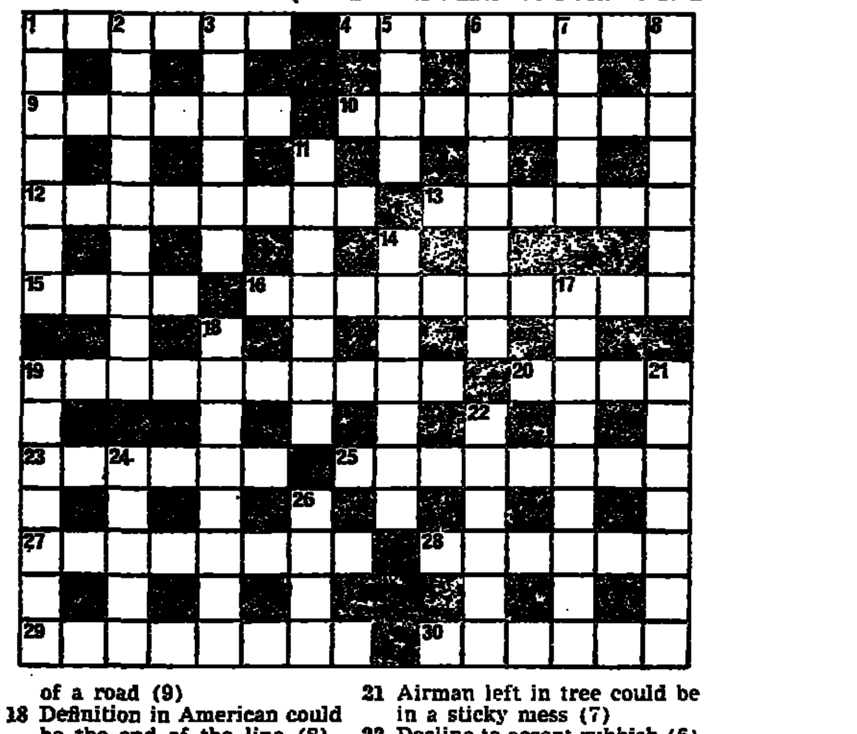
by DOMINIC GILL

Even in his least musically satisfying performances, Pollini is never less than magisterially in command of his medium. This undeniable fact generates its own very real excitement, and is almost independent of the actual current of the music. There is perhaps no pianist living (except maybe Pollini's sometime teacher Michelangeli) who can be relied on, whatever the circumstances, to play fewer wrong notes in public, and to play the right notes with more unerring panache.

The two Beethoven sonatas with which he opened his recital on Monday evening were both of them masterly expositions — every measure in its place, every dynamic and pedal marking scrupulously observed. The Tempest sonata's great adagio in particular was a model of clarity and powerful austerity, and its finale an object lesson in how to sustain an electrifying momentum (by means of careful pacing and placing of accents) even at a relatively modest speed. Pollini's Waldstein sonata was a shade less sharply and brilliantly focused: but it too revealed all that perfect clarity of execution can reveal — the composer's naked intention, the surface message of the notes deciphered. Of the deeper currents, contradictions and ambiguities, of the force which drives the music — and most especially of the intimate driving link between composer and performer which is the raison d'ètre of every public re-creation — Pollini's performances were strangely, disturbingly silent.

Even today, in 1981, it is exceptionally daring to devote the whole of the second half of a piano recital in the Festival Hall to works by Webern and Boulez (and more daring still to follow them by a single encore of Schoenberg's six Little Pieces): and perhaps only a pianist who has such a devoted popular following as Pollini could carry it off in such triumphant style. Each performance, of Webern's little Variations and of Boulez's second sonata, was in its fashion a miraculous tour de force: the first, of equisite lyrical and contrapuntal control, and the second, of absolute, ungainsayable momentum, razor sharp, wound about with threads of the most perfect, mysterious delicacy. The merest handful of old buffers stalked out of the auditorium during this second half.

F.T. CROSSWORD PUZZLE No. 4,703



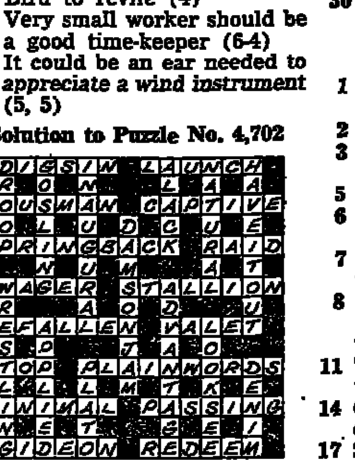
ACROSS

1 Dad is at the centre of all others for a meal (6)
4 Type of tobacco in one point of view (5-3)
9 One salt or two . . . (6)
10 . . . and elastic I converted into another salt (8)
12 Disagreement in romance about ringleader (8)
13 A mammal is in a rampart of felled trees (6)
15 Bird to revile (4)
16 Very small worker should be a good time-keeper (6-4)
19 It could be an ear needed to appreciate a wind instrument (5, 5)
20 "Tip me the black —" (R. L. Stevenson) (4)
23 In for a reception (2-4)
25 What cosmetics do for those reached by commercial television? (8)
27 A little is a dang'rous thing (8)
28 Plant disease I caught from the country (6)
29 Type of island described by R.L.S. (8)
30 Save soldiers with pole and rod (6)

DOWN

1 Animalcule right to fire? Wrong! (7)
2 Screen role I turn into (9)
3 A book to toss around in ramshackle dwelling (6)
5 Flag I put up sir? (4)
6 Like a good footballer, or maybe a bad drinker (8)
7 Precise without a little weight (5)
8 Rising above the surface of water, but it sounds as though it's under water (7)
11 The art of cutting corners in the garden (7)
14 One who takes charge of dog on a hill (7)
17 Stop in jelly like the surface of a road (9)
18 Definition in American could be the end of the line (8)
19 The colour of a bad woman (7)
21 Airman left in tree could be in a sticky mess (7)
22 Decline to accept rubbish (6)
24 He goes to hail and haul (5)
26 A row turned up a knot (4)

Solution to Puzzle No. 4,702



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Wednesday October 21 1981

UK trade after the slump

THE first external trade figures to have appeared since February afford no more than a glimpse of the facts obscured during the Civil Service strike; but that glimpse shows some quite surprising features. Since the current account balance for the month is very much in line with what the monetary statistics have been suggesting, and the figures do not seem to be heavily distorted by abnormal shipments of any kind, they deserve some study. If September proves to be a reasonably representative month, there are some grounds for hope to offset the sad message of the latest underlying trend in unemployment.

The big surprise is the volume of non-oil exports. Every commentary during the statistical gap has assumed that export volume would drop sharply as a result of the excessive rise in sterling during 1980, and that any recovery would be slow. The September figures suggest, on the contrary, that trade has responded remarkably promptly to the correction in the exchange rate during the summer.

Changes

Excluding oil and erratic items, the volume index for September was virtually the same as the average for 1980, and nearly 1 per cent higher than the average for 1979. The record is patchy, with cars and consumer goods weak—as might be expected—but capital goods and food products quite buoyant. A more detailed breakdown will no doubt reveal some quite dramatic changes in the structure of export trade. However, the total remains unexpectedly solid.

On the import side, however, there has been a dramatic change, with finished manufactures now nearly 15 per cent higher than in 1979, before the convulsion in exchange rates. The trend which was well marked from the beginning of the rise in North Sea oil production seems to be confirmed. Rising oil output has not, as was feared, crowded British products out of world markets, but has financed a large rise in import penetration of British markets.

This lopsided effect is much more dramatically illustrated if 1975, the last effectively pre-oil year, is taken as a base. In the subsequent six years, non-oil exports have risen in volume by 20 per cent, if the September figures are representative. But in the same period non-oil imports have risen by 53 per cent, and imports of manufactures by 78 per cent.

Such divergent trends are hard to explain on the basis of any picture of the UK economy as a single productive enterprise—the Great Britain Limited beloved of speech-makers. A company which achieved steady if sometimes unprofitable growth in its exports shipments while allowing a major invasion of its home base would soon get new management.

Tempting

The figures suggest rather that the home market offered for a long time a sheltered environment for many companies which were never robust enough to engage in foreign trade. The rising real exchange rate has made Britain a highly tempting market for importers, and it is in our own shops that the *real competitive shock to* UK industry has been felt. Exporters suffered acute discomfort from the over-valuation of sterling last year: but successful exporters are almost by definition competitive, and appear to have remained so.

The figures also help to explain the relentless rise in unemployment, while final sales have remained stable, and output has recently been recovering a little from the depths of the stock cycle. The strong underlying productivity performance to which the Governor and others have drawn attention is partly a shake-out of excess labour and partly of weak companies.

Agonies

The domestic market is especially weak at the moment, because real incomes are responding to the correction in sterling: it may be that as the CBI has suggested, we now face a secondary recession at home as companies which had been hanging on in hope of a recovery retrench or go under. The agonies inflicted by sudden exposure to world competition are by no means over, but there are some signs of hope for the future.

Patchwork in the Low Countries

POLITICAL DIFFICULTIES in Belgium and the Netherlands are threatening to become chronic, if they have not already done so. That is a bad augury for Nato and the European Community, both of which already face quite enough trouble elsewhere.

Though the circumstances of the cabinet crises in the kingdoms of the Low Countries differ widely, two of the root causes are identical. High economic expectations have to be revised in the light of the world recession: and the tendency of the two political constellations to throw up coalition cabinets of incompatible partners leads to paralysis when questions of principle need to be decided.

Haggling

In the Hague the left-of-centre coalition of Mr Dries van Agt, formed only last month after 3½ months of post-election haggling, has run on to the rocks sooner than expected. The immediate cause was the insistence of the Labour Party on a bigger reflation programme than Mr van Agt and his Christian Democrats were willing to concede in the interests of budget economies.

Other equally intractable issues were blithely ignored when the Government was formed. The chief of them is the intention of Nato to station cruise missiles in the Netherlands — an idea which Labour utterly rejects, whereas the Christian Democrats are at least ready to wait for the outcome of talks about nuclear missiles in Europe to be held between Moscow and Washington.

In reality, the problems lie deeper. They are typical of an affluent society that has reached the limits of its affluence. The country is only beginning to wake up to the fact that its wealth and elaborate social security system are built upon natural gas reserves that are a wasting asset. Eventually that will require adjustments more fundamental than a reflation programme to reduce unemployment below the current rate of 9.5 per cent.

Belgians, too, have been making excessive demands upon their economy. The strain is evident from a current account deficit of 5 per cent of GNP this year and from a rapidly rising public sector borrowing requirement.

The Belgian state has broken with its long standing tradition of not borrowing abroad. By August its debt denominated in foreign currency had risen to BFr 151bn (about £2.2bn) and a Belgian bank has estimated that the foreign debt of the entire public sector had by that time climbed to BFr 410bn. When the French franc was devalued earlier this month, the Belgians only talked themselves out of following by pleading that they had no government capable of taking decisions pending the election on November 8.

Though the Belgian currency has performed well within the European Monetary System since the recent realignment, in the longer run markets will take some convincing that the exchange rate is realistic under the given circumstances. What has held it up so far is support from the national bank.

Unlike the Dutch, the Belgians have no source of wealth from natural gas. In their case expectations were raised by a flood of foreign investment, benefiting largely the previously backward Dutch-speaking North. That flow has dried up, and no longer masks the plight of declining industries concentrated to a great extent in French-speaking Wallonia.

Conflict

The result has been to make worse the perpetual conflict between the Dutch- and French-speaking sections of the country. The Government of Mr Mark Eyskens collapsed in September when the French-speaking Socialists refused further co-operation. They objected to spending cuts, and in particular to a further slimming down of the profoundly sick steel industry in their part of the country. That shows how communal tensions which threaten the unity of Belgium, though not economic in origin, have been aggravated by recession.

The most that can be hoped for in both Belgium and The Netherlands — and it is a slim hope — is that events will produce governments strong enough to deal with the immediate economic needs of their countries. That could help with the more basic difficulties. But the odds are that years of sterile patchwork will continue.

THE OIL AND GAS SELL-OFF

Why gas prices may rise

By Sue Cameron

MR Nigel Lawson, the pugnacious new Energy Secretary, could hardly have started his job with a bigger bang.

In the first hour of the Commons' first day back from the summer recess, he announced "the biggest programme of privatisation ever to come before Parliament."

No one is likely to dispute the claim. British Gas, the country's most profitable nationalised industry, must now sell its North Sea crude interests to the oil companies. It will lose its monopoly rights over gas supplies to industrial customers and must sell off its 900 gas showrooms, though possibly not during the lifetime of this government.

Meanwhile, as discussed in the article below, a majority stake in the oil exploration and production arm of the British National Oil Corporation (BNOC) is to be floated on the equity market. In all, the Government will benefit by an estimated £1.3bn to £2bn.

The ending of British Gas' monopoly rights over supplies to industrial consumers is probably the most significant part of Mr Lawson's gas package. It has been warmly welcomed by such bodies as the Institute of Directors and the Chemical Industries Association. But their enthusiasm could prove premature.

On Monday Mr Lawson made much of "rolling back the frontiers of the state" and of "introducing much needed and long overdue competition where it matters most."

British Gas—perhaps surprisingly—agreed with him yesterday that the principle of free competition was a sound one.

But the corporation added that the Government had so far failed to show that gas-consuming manufacturers will benefit from the introduction of competition in this particular instance.

The corporation is currently charging industrial consumers with firm supplies an average of 29.3p a therm. The average price being charged to interruptible supply consumers—where companies pay slightly less for their gas in return for running the risk of having it cut off for so many days a year—is 25.5p a therm.

But the North Sea gas producers' have said they believe British Gas is not paying them enough. They have stressed that they believe a fair price for their gas now would be a minimum of 25p a therm at the wellhead.

If the Government's proposals could be put into practice tomorrow at that price—which they could not for technical reasons — then UK manufacturers which took supplies direct from the producers could expect the oil companies to try to charge some 40p a therm for guaranteed gas supplies.

Sir Denis Rooke: strong views.

This would be an increase of 36 per cent on what they are paying now.

The 40p a therm figure assumes a wellhead price of 25p a therm.

Mr Lawson pointed out that the corporation's monopoly would not be broken for some time—in practice—and by then the whole picture on gas prices could have changed. He added that the oil companies' 25p a therm demand was almost certainly a negotiating figure. This suggests that there are three possible alternatives:

- Even taking Mr Lawson's points into account, the entry of the oil companies into the gas market could lead to substantial increases in prices with BGC following the oil companies in raising charges.
- The oil companies could be forced to accept lower prices from their industrial customers than they would like—or would deem adequate—in order to compete with BGC. This would leave them in the same position they are in now and would definitely not lead to increased gas exploration in the North Sea.
- The oil companies could try to sell their gas to continental buyers. They would still be legally bound to land it in the UK first (unless the law is changed) but selling to the rest of Europe could bring them high profits.

The oil companies have an extra problem. They could be competing against themselves when they start selling gas direct to manufacturers. At present they sell gas oil and heavy fuel oil—which are in direct competition with gas as a fuel—to industrial users. The average going rate for heavy fuel oil is currently around 31p a therm while that for gas oil is 43p a therm. It seems inconceivable that the oil companies will suggest manufacturers should stop buying costly gas oil and start taking cheap gas from them instead.

The oil companies themselves, on the other hand, say the competition between gas and gas oil is likely to have laregly disappeared by the time they start selling gas direct to manufacturers—they reckon this will not happen for at least five years.

Mr Lawson has made much of the fact that gas supplies have not been plentiful enough to meet the demand of manufacturing industry as a whole. He says the ending of the BGC monopoly will stimulate gas exploration and so bring extra supplies on to the market.

British Gas was certainly unable to meet the huge increases in gas demand that followed the "flight from oil" after the Iranian revolution. But the corporation says that the main reason industrial demand for gas currently exceeds supply is that gas is at present cheaper than either heavy fuel oil or gas oil.

On the other hand, anyone entering a new market for the first time, is likely to offer low prices in order to establish himself. BGC itself acknowledges that the oil majors may offer extremely competitive prices for the first few years after they enter the gas market.

British Gas, headed by the formidable Sir Denis Rooke, is predictably angry about the prospect of having to sell off its valuable North Sea oil interests—estimated to be worth between £550m and £900m.

BNOC: still some hurdles to cross

AFTER MONTHS of uncertainty the Government now appears to have a firm plan and a rough timetable for the privatisation of the British National Oil Corporation.

A child of the last Labour Government, BNOC was set up in 1976 to co-ordinate and expand the state's involvement in the oil boom. In the five years since then it has never lacked for controversy and has grown into one of the North Sea's leading companies.

However, the Tory Government rapidly stripped away many of its privileges and has long promised to privatise: Mr David Howell, the previous Energy Secretary, introduced legislation earlier this year which was crowded out of the parliamentary timetable.

But BNOC still has several substantial hurdles to cross. Legislation will be introduced early in the coming session to divide the corporation into two. Its trading arm, which is currently exercising its right to buy up to 51 per cent of all the crude produced in the North Sea, will remain in Government hands for national security reasons.

The public will be offered a majority equity stake in BNOC's exploration and production arm—which provides the great bulk of its profits. Up to 49 per cent of the shares will remain with the Government—the precise breakdown is not yet clear.

The aim is to go to the market in the autumn of next year. But the Government must first solve a potentially thorny legal problem. BNOC has participation agreements with many other oil companies which might have to be painstakingly revised. To speed the process up, Mr Nigel Lawson, the new Energy Secretary, is looking at ways of incorporating special vesting powers in the new legislation, which is therefore expected to differ in some respects from Mr Howell's bill.

Come the launch date, what will each of the parties get?

For the Government, the sale will be the fulfilment of a political pledge and, perhaps more importantly, a boost to funds of perhaps £750m to £1.2bn.

For BNOC's chairman, Mr Philip Shelbourne, who strongly favours a sale, it will mean escape from the financial constraints of the Treasury and Public Sector Borrowing Requirement—the bane of all nationalised industries which are investing heavily. PSBR considerations are believed to have weighed heavily in the Government's refusal last December to grant BNOC permission to develop the Clyde oil field when it wanted.

For the investor it will mean a stake in a company which has equity interests in more UK offshore licences than any other—over one-third of the total licenced area. It is also the most active explorer.

Mr Philip Shelbourne: favours a sale.

BNOC's oil reserves have been estimated at 800m to 900m barrels and it is currently taking about 110,000 barrels a day of equity crude from the North Sea worth about £2m at current prices. This compares with total UK production of about 1.8m b/d. It is operator for two producing fields—Thistle and Beatrice—and one in the early mission to develope the Clyde.

Its flow of equity crude is expected to build up to about 150,000 b/d by the mid-1980s and the Corporation believes this rate should be at least sustainable through the latter half of the decade, with new fields coming on stream to replace declining production from some of the UK's older ones.

BNOC's net profits last year—stripping out the effects of special oil sales—were £43.8m (compared with £21.5m in 1979) and this level is expected to be reached again this year.

One of the new company's most attractive features—from the investment viewpoint—will be that it does not have any downstream refinery operations, currently a major financial headache for the large, fully integrated international companies.

But a flotation will not be without problems. First, the timing is not very good. With a worldwide crude glut and prices soft, the market for oil shares is relatively weak.

However, much could change by the time BNOC is brought to the market—for example, North Sea prices are likely to rise before the end of the year, despite the glut, if the Organisation of Petroleum Exporting Countries reaches agreement on a common $34 a barrel price structure.

Second, there is a considerable amount of oil paper around the London market at the moment. British Petroleum had a £624m rights issue during the summer and there is speculation that other oil companies whose cash flow has been hit by new Government taxes, may follow suit.

Third, there may be fears of continued Government interference through its minority stake and of re-nationalisation by a future Labour Government. Opposition spokesmen have already made threatening noises on the subject.

The re-nationalisation fear should be somewhat allayed by the Government's evident intention to spread the BNOC equity as widely as possible, with small investors having the same opportunity as the large institutions.

The Government will also want to prevent too much of the equity passing into foreign hands. EEC regulations apparently prevent any specific exclusion but officials are believed to be discussing means of preventing control passing out of British hands without Government approval.

Mr Lawson confirmed yesterday that the Government is also planning to press ahead with an issue of the misleadingly named BNOC bonds — paper which will be indexed linked to North Sea oil but will have nothing to do with BNOC itself.

But how keen on an equity stake in BNOC will the small investor be if he can purchase bonds across the post office counter?

Martin Dickson

Men & Matters

St. Martin in the USM field

THE Unlisted Securities Market is likely to see its largest new issue yet in around eight weeks' time, in the shape of an as-yet unnamed company to be brought to the USM by St Martin-le-Grand Securities.

St Martin has been around since the swinging sixties, when it pulled together the Mary Quant interests for a public quote. It has now just been granted licensed deposit-taker status by the Bank of England.

The man behind St Martin is Michael Gordon, an engineer before he moved into management consultancy and finally into finance in 1968. Since the Quant deal a year later, he has initiated the £2.25m sale of building group John M. Newton to Associated Newspapers in 1976; helped shape a ragbag of interests into the now fast-growing First Castle electronics; and sponsored the flotation of Falmouth Yacht Marina, in which ICFC has a 26 per cent holding.

New issues on the USM are still fairly small beer—the largest so far has been Intasun at £6.6m. But just in case Gordon should feel in need of paternal guidance, those grizzled old veterans of USM work, Tring Hall, are sitting on St Martin's shoulder with a 30 per cent shareholding.

Legless in Giza

The Sphinx as every schoolboy knows, was a sanctimonious beast which used to think itself so terribly clever for having cobbled together a half-witted conundrum about other people's legs. Eventually, the requisite smart lad came limping along to settle the hash of the Theban resident.

Now, the riddle has rebounded once more: over at Giza, Egypt, the great Sphinx is now short of a leg itself. The reason, I must warn you, are less than pleasant, and anybody reading this over breakfast should immediately avert their gaze to the Lombard column.

Sewage systems are not one of Egypt's strong points. Where they exist at all, they moan and bubble from overwork. Sometimes they just explode, as happened recently in Cairo's Sadat — formerly Tahrir Square, where passers-by picked their way gingerly through . . . well, I won't go on, but you get the gist.

The hamlet of Mazlet El-Semman close by Giza makes do with no sewage system at all. As a result, effluent has clogged underground passages which riddle—ha, ha—the area surrounding the Sphinx. The combination of sewage, humidity and salt has finally proved too much for the five-thousand-year-old monster, and yesterday a left leg comprising 120 blocks of stone, put there by restorers in Graeco-Roman times, fell off. A case, I fear, of the Sphinx succumbing to the sphincter.

Round table

The political sensitivity of Hans-Dietrich Genscher, West Germany's Vice Chancellor and Foreign Minister in the coalition government, has cost Mexico quite a lot of unnecessary money and trouble.

Genscher is to attend this week's North-South summit of 22 world leaders in Cancun and was to have sat behind Chancellor Schmidt at the conference table. But since it is a coalition government, Genscher insisted that he sit next to Schmidt.

As a result the specially-made table installed in the pyramid-shaped Hotel Sheraton in Cancun, which was used at the August pre-summit meeting of Foreign Ministers, has had to be rebuilt and doubled in size.

Mexico, the host country, did not want to upset other countries by making an exception for Genscher, although he is the only member of a coalition government attending the summit, and so it decided that every country should have two places at the table.

West Germany has since officially informed Mexico that Schmidt will not be attending because of bad health. Genscher will now take the chair in isolated splendour at the head of the enlarged table.

Birds in the bush

Studying the habits of weaver birds in Zambia for a couple of years would be a welcome change, you might think, from strap-hanging your daily way into a City office.

But it would be better to learn to grin and bear it if the experiences of a Yale graduate, reported in the U.S. university's journal, are the usual lot of the weaver-bird watcher.

Soon after he arrived at his study site, he recounts, his native field assistant received an urgent call home because a lion had eaten his brother. The graduate was left, without transport, alone in the camp except for his terrier, Snaps.

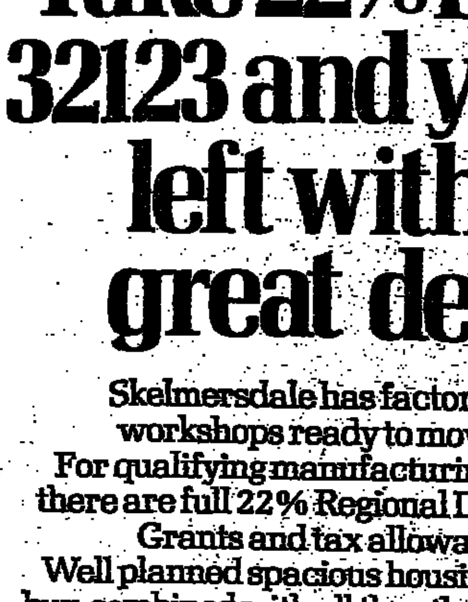
"A week later my study site was completely trampled by a herd of elephants," he continues. He threw a rock at a bull elephant and spent the next two days up a tree while it stamped around seeking revenge.

"During that time Snaps was eaten by a crocodile," the graduate says. And no sooner had he descended the tree, than he went down with malaria.

"While I was sweating it out in the tent, a hyena broke into my storage shed and ate most of my supplies as well as one of my hiking boots." That, as well as a herd of rutting hipopotami, put paid to any idea of walking the 100 km to the nearest town. "I was able to survive fairly well for several weeks by fishing," he records.

The field assistant finally returned—and the graduate drove into town for supplies and his mail. He found that his Yale tutor, thinking life in the bush might be tough, had sent him a copy of Playboy for consolation.

"Unfortunately," the graduate concludes, "Playboy is illegal in Zambia . . . I was immediately arrested and thrown into jail."



"I seem to be hovering between being a damned lie and a static!"

Heated exchange

"The Stock Market, old boy? It's a hot-bed of cold feet!"

هكذا من الأجل

JAPAN'S MACHINE TOOL SUCCESS

Enter a new breed of robots

By Hazel Duffy, recently in Tokyo

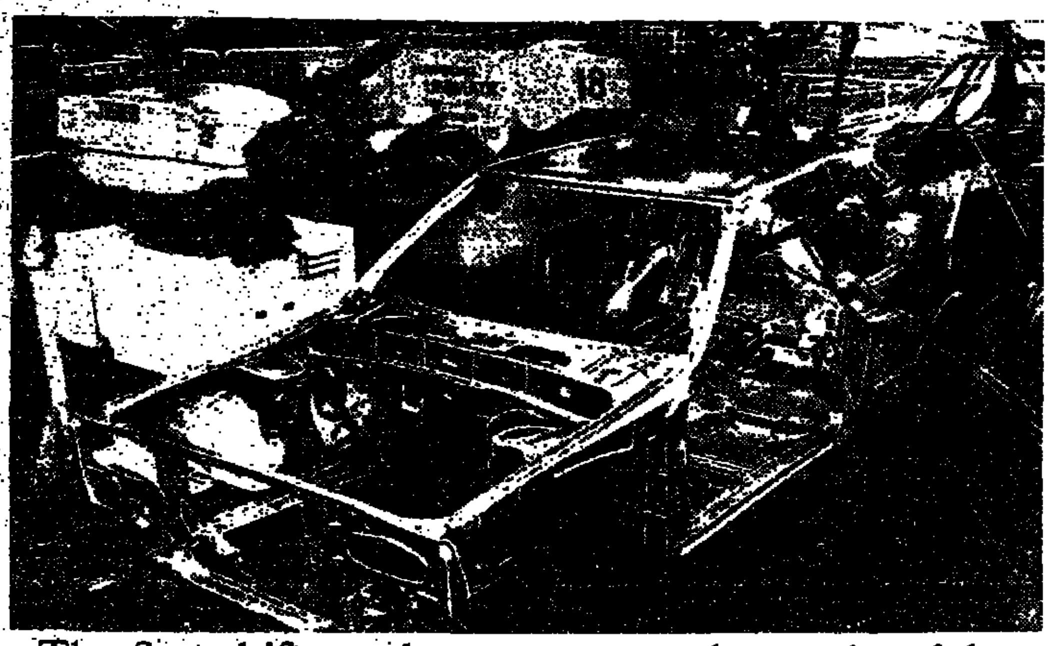
THE SPACIOUS reception area of the head office and factory of the Yamazaki machine tool company near Nagoya is dominated by a sculptured map of the world. Flashing lights denote distribution centres all around the globe, while a number board gives the latest production total. It changes every 45 minutes, the average time that it takes to complete a Mazak machine tool. The company's monthly production average is about 300.

Yamazaki is one of several large machine tool makers in Japan which have transformed that country from being a net importer of machine tools up until the middle of the 1970s to a major exporter. Last year, the Japanese industry exported nearly 40 per cent of its metal-cutting machine tool production, of which nearly two-thirds were NC — numerically controlled (i.e. controlled by computer or punched tape).

The Japanese machine tool industry's success derives largely from concentration on this type of machine tool for which demand has been growing steadily in the last decade. Japan is now in the number-three spot behind the U.S. and West Germany in world production of machine tools, while the penetration of Japanese machine tools into factories and workshops throughout the industrialised world has provoked calls for restraint, and in some cases outright protection, from countries such as the UK and France, whose industries are visibly shrinking.

Japanese machine tool makers are mostly unrepentant about their success. The machine tool, they say, is "the mother of machines": in other words, the efficiency of machine tool design determines in large part the efficiency of the production process. Japan's manufacturing industry cannot afford to stand still if it is to maintain its competitive edge, and this will depend to some extent on a thriving and innovative machine tool industry.

With this attitude in mind, Japanese machinery makers stand poised to exploit the next stage in manufacturing technology. Many machine tool makers view robotics as a natural development of their experience in NC machine tools, while others are working on flexible manufacturing systems (which extend the principle of automation to a variety of machining tasks, making them applicable outside the area of mass production).



The first shift employs seven people . . . the night shift runs without anybody

At the end of this month, Yamazaki will commission a system which it claims is the most advanced of its type in the world. Defined as a flexible manufacturing factory, the project has cost $15m and taken two years to set up. All the engineering and design has been done within the company, involving about 100 people. The computer has been purchased from the U.S., but everything else has been supplied by the company.

The system comprises 18 machine tools (they can be machining centres or NC lathes and a variety of other machine types). The transportation of work from machine to machine is automatically regulated by computer. All the tools are mounted either on a travelling drum stand or are changeable on the drum—worn tools are replaced in the tool room and their wear is measured with an automatic measuring device. Overall scheduling and operation of the system are completely regulated by a host computer and satellite computers by an online control system.

Yamazaki claims that the outstanding feature of the system is that the entire operations of the factory, including accounting, the preparation of financial statements and production control, are performed automatically. The system—which is already being used in the manufacture of Mazak machine tools—is worked in three shifts. The first shift employs seven people, the second five, while the night shift runs without anybody.

Such flexible manufacturing systems will be applicable in small- and medium-sized machine shops as well as the large-scale project for which the operation described above is suitable. The Japanese machine tool industry, which has scored much of its export success with the NC lathe that has found its way into small workshops as well as factories, knows how important this factor will be in future.

Japan is not alone in the development of such systems. American machine tool makers, in particular, are working in this area, while in the UK a Government-sponsored project for the automation of small batch production is being carried out in the private sector. A few weeks ago, Giddings and Lewis-Fraser, a British subsidiary of the U.S. machine tool group, announced it would supply Anderson Strathclyde, the mining equipment company, with a flexible manufacturing system valued at £6m. Much of the technological expertise will be provided from the American parent, which has worked on similar systems.

The difference as far as Japan is concerned lies in the intense interest of manufacturing industry in the whole field of automation, which is demonstrated by the extent of robot usage. Civil servants from Britain's Department of Industry, on a recent visit to Japan, were green with envy when they saw the showpiece Mount Fuji factory opened by Fujitsu Fanuc last year.

This highly automated factory in the shadow of Mount Fuji, making control systems, specialised machine tools, and robots, is notable for its lack of people. When they are to be seen, they all sport yellow jackets, yellow being the favourite colour of Fanuc's president, Dr Seiuemon Inaba. While automation experts are impressed, they do not believe that the factory demonstrates a superior knowledge of robotics to that available in the West. The real value of the factory is in demonstrating the way in which robots can be integrated into unmanned assembly lines.

In the U.S., Germany, Italy, France, Britain, Sweden and Japan, most of the robots are employed on fairly basic tasks that workers find unpleasant, such as welding and paint spraying, mostly in the automotive industry. But by 1985 this pattern is expected to change so that it is estimated that as many as 80 per cent of robots will be installed in assembly.

But even the Japanese motor industry, which has been in the forefront of robot applications in terms of numbers, is cautious about the pace at which assembly robots will be introduced. Mr Kenichi Shima, general manager, administration at Nissan's Oppama plant just outside Tokyo, says: "Assembly robots may be technically possible but they do not yet make economic sense. When they start being used in other industries, the cost will be much lower and at that stage we think they will be possible for us."

Part of that caution lies in the widespread belief in Japanese industry that the days of expansion have come to an end. In addition, the growing demands for restraints on the export of Japanese cars have given rise to reservations about investment policy in the industry generally. There is also a fear that automation in areas other than jobs where workers are quite happy to see robots will be increasingly difficult to implement in car plants.

Dr Inaba agrees that the introduction of assembly robots by the motor industry is "quite a long way off." He is confident, however, that there will be many other customers for Fanuc's robots. The Mount Fuji factory is currently producing about 50 robots a month and plans to increase output to 100 by next spring. The factory, which took 10 years to plan and develop, has the capacity to build 500 robots a month.

The expansion of Fanuc into robots is a natural development for the company which claims to provide 75 per cent of the Japanese machine tool industry's requirement for electronic controls, and between 40 and 50 per cent of the world's requirements. Fanuc already has a factory in the U.S. making control equipment, and has recently announced that it will be setting up in Luxembourg in conjunction with Siemens.

Some of Fanuc's main competitors are Siemens (with whom it has a marketing agreement in Europe), General Electric in the U.S., Allan-Bradbury (U.S.), Asea (Sweden), Olivetti (Italy) and Kongsberg (Norway).

The close co-operation between the makers of controls and the machine tool manufacturers in Japan is undoubtedly one of the factors that has spurred the growth of the machine tool industry. Some machine tool executives, however, predict that the boom is drawing to a close. Mr Rokuya Nagata, executive vice-president, Ikegai Iron Works, which claims to be Japan's oldest machine tool builder, says: "I think it will get progressively more difficult for Japan to export machine tools. Perhaps we have also reached the peak after three very good years in domestic demand for machine tools."

Ikegai exports about 30 per cent of its production, 80 per cent of which consists of NC lathes. Like other Japanese machine tool manufacturers, it is having discussions on setting up manufacturing facilities in Europe. In Ikegai's case, however, it will be for NC milling machines, not lathes, which it says the Italians are now producing more cheaply than Japan.

Yamazaki, which already has a plant in the U.S. that it is planning to extend, is also considering European manufacture in Germany, the UK or Belgium.

Japan freely acknowledges its debt to the West in machine tools as in many other industries. Products of companies such as Alfred Herbert and Colchester Lathe provided the material from which Japan learned to build up its own industry.

It is clear that an industry which has grown so swiftly and successfully is not going to stand still. This is why the ventures into computer-controlled machine tools, flexible manufacturing systems and robotics are so important. A cynic might say that while Japan is now ready to manufacture machine tools overseas, the advanced technology for the next generation of automated manufacturing is likely to stay in Japan.

Lombard

What the Left can put right

By W. L. Luetkens

THE TURMOIL in several big Socialist or Social Democratic parties of western Europe gives little cause for self-congratulation even to their opponents. At bottom it reflects an incipient breakdown of the mechanism for change in our democratic societies.

The evidence is clearest in West Germany where in the 1960s the term "extra-parliamentary opposition" was coined. Quite apart from the anti-democratic phenomenon of terrorism, it has taken the form of single-issue groups, especially the "Greens" of environmentalist and anti-nuclear persuasions, who found no home in the classic parties with programmes covering the full range of politics.

But doubts about the consensus upon which the Federal Republic was built—that economic growth benefits all and that the U.S. alliance is the cornerstone of foreign policy—have spread into the parliamentary arena. Up to 50 Bundestag members of the Social Democratic Party, traditionally a model of party discipline, no longer can be counted upon to support the nuclear policy upon which Herr Helmut Schmidt, the Chancellor, has staked his political survival. His illness could well bring matters to a head.

Similar heterodoxies are evident in the smaller coalition partner, the Free Democratic Party. The party leaderships may be firm enough in their belief in the established consensus, and probably the coalition as well. But the ground under their feet is shifting. How strongly, nobody knows: the 250,000 peace marchers who rallied in Bonn were an impressive sight, but measured against an electorate of more than 40m they were a tiny band. Germany has a silent majority which votes for the *status quo* of the established system when called upon.

But to rely on that is to ignore the experience of history. Political change is usually wrought by minorities. Most of France stood aloof when the Bastille was stormed: or, to argue to the same conclusion from another angle, most countries that have abolished capital punishment did so against the popular will. One of the first measures of the Mitterrand regime in France was to scrap the guillotine without the support of a majority of the people.

The wish to accommodate awkward views is the deeper reason why Herr Willy Brandt has sympathised with the dissatisfied elements within the Social Democratic Party. As its chairman, he feels responsible to all the members.

At bottom, things are not so very different in the Labour Party. Whatever one may feel about Mr Tony Benn, his campaign for mastery over the party has, at the same time, been a drive to place power where, on any democratic assumption, it belongs: with the members of the movement. That is not a plea for Bennite socialism at Westminster. Britain, too, has a silent majority which speaks at election time.

In some ways, Britain is more fortunate than Germany, because the divisions of the Left have thrown up what is potentially a new party in the classic mould, the Social Democrats who may become a power in the land, rather than a destabilising flock of groups and grouplets.

Unlike a confused Left, a Left (or for that matter Right) consisting of more than one party need not be a cause of weakness to the system or to the Left itself. It increases the chances that everyone who is potentially interested can find a political home, rather than taking to the streets. The democratic process of controllable and controlled change can be upset both if a dominant "progressive" party is shanghaied by extremists, or if it becomes too conservative.

Italy furnishes an almost paradoxical illustration. There the Communists, of all parties, have become partly identified with the political establishment. As a result rebellious youth has been attracted by the Red Brigades and the like. The danger of something similar occurring may seem remote in much of northern Europe, but cannot simply be ignored. History again and again has shown that the silent majority can be awfully silent when its steadying influence is most needed.

Letters to the Editor

The 'free lunch' theory in economic policy

From Professor Douglas Wood

Sir,—In defending present economic policies, Mr Brittan argues that the alternatives depend on an unrealistic and discredited "free lunch" mentality, a theme repeated in your editorial. To illustrate this he accompanies his article with a misery index which shows the UK doing badly relative to the U.S. which, in turn, is much more miserable than Germany.

It is unfortunate for Mr Brittan that this is exactly the reverse of what would be required to support his arguments because so far as the last 10 years are concerned, it is Germany that has been the home of free lunches, not Britain. The 51st Annual Report of the Bank for International Settlements makes this abundantly clear for the period 1969-79 (see table).

The interesting point about these figures is that throughout the period 1969-79 the UK government has been reporting large nominal deficits which have no real existence. The cumulative total of deficits over the decade amount to £88bn at 1980 prices, yet the national debt, far from rising, has fallen by £38bn (1980 prices) over the period. The government is inexplicably £126bn better off than it should be if the deficit figures weren't complete fiction.

The man in the street, who knows he hasn't had any free lunches and who increasingly faces an unemployed future with no lunches free or otherwise, would not be in the least surprised by these figures, though he would find them somewhat annoying.

The mystery though is why experts who should know better, once bitten by the monetarist bug, become so obsessed with correcting nominal values, like the deficit or excess bank profits, for example, that it never occurs to them to consider whether the intended change in the nominal value is either desirable or feasible in real terms. It would be far more sensible to specify desirable real policies in relation to the real problems that do exist—underutilised labour and capital resources, an over-inflated economy, a failure to invest or support companies capable of earning real net profits in excess of real interest costs, and an inability to innovate out of low productivity areas to name but a few—and confine monetary theory to non-inflationary implementation in which it has a major role to play.

To argue, as you do, that current policies, despite gross errors of execution, embody a worthwhile market philosophy overlooks the reality that the market in mind is the sterling nominal market which has no automatic connection with the real international market in which success has to be achieved.

Douglas Wood,
Professor of Business Economics,
Manchester Business School,
Booth Street, West,
Manchester.

	UK %	U.S. %	Germany %	Japan %
Increase in national debt as percentage of GNP	−40	− 6	+ 10	+ 33
Increase in national debt in real terms	−23	+14	+107	+350
Growth in GNP p.a.	+ 2.1	+ 2.9	+ 3.2	+ 6.0

How Ponys grow into horses

From the Chairman, Arthur Price of England.

Sir,—Three years ago I visited South Korea to advise and appear in a Granada TV film on that country's industry. Although cutlery was my main interest, I visited the Pony car factory.

Upon my return I addressed a joint meeting of officials of the Department of Trade and Industry. Some 20 people were present and I warned them what was to come. I repeated that warning in the Press with this sting in the tail: "Soon the Pony car will have a right-hand drive."

So now South Korean Ponys are to be distributed by a West Bromwich company. Only 5,000 cars a year, but that will be a token compared with what is sure to come. At last the British car industry has "unfair competition" in the real sense of the word and soon they will be victims of its bitter taste.

While our kamikaze car unions propose strike action to preserve so-called living standards, these Ponys will join the ranks of the many competitive cars that will crush the car industry in Britain. The unions should not be clamping on to this government's death-wish policy of allowing consumer industries to be driven from this country. They should be co-operating with manufacturers, large and small, to find a formula to preserve such industries as cars, cutlery, textiles, footwear, and so many more in this country before they all disappear, never to return.

How many tonnes of Sheffield steel will be lost as tonnes of Korean steel are now added to the vast amount imported in the form of cars and other consumer goods? The Pony car is not just a threat to steel makers and cutlers, but to the very survival of British consumer industry.

A. J. M. Price.
Anthony Road, Saltley,
Birmingham.

Economic research

From the Secretary, Economic Research Council

Sir,—Miss Clare Macdonald in her letter on Bank credit which you published on October 14 touches on a question of prime importance to the future economic health of our country. There are some important questions in the sphere of monetary policy which urgently need a satisfactory answer.

It is clear that we currently operate a monetary system in which notes and coins—the nation's small change—are issued free of debt and free of interest. Profits on issue accrue to the National Exchequer. However, by far the greatest proportion of money in circulation—credit money—is created by the banking system and is issued as an interest bearing debt. Profits on issue accrue to the banking system.

What is the justification for this situation? Believing this to be a question of fundamental importance at this critical time, the Economic Research Council has instituted an enquiry into the creation of credit and its effect on our economy. It is intended to publish the results of this research in the near future.

Edward Holloway.
55, Park Lane, W1.

Chinese puzzle

From the Director, The Council of Foreign Bondholders.

Sir,—In the Financial Times of October 17 a spokesman for the Council of Foreign Bondholders is quoted as saying that there was "absolutely no cause for optimism of any kind whatsoever" that the old Chinese sterling bonds would be repaid. I should like if I may to place this remark in context.

Our spokesman was talking about the recent rise in the prices of these bonds on The Stock Exchange and the possibility that this rise might have been occasioned by a belief that negotiations with the Chinese Government were imminent. Unfortunately we know of no foundation for such a belief. H.M. Goverrment (whose support of the claims of the Chinese Bondholders' Committee is much appreciated) mave constantly pressed the Chinese Government to enter into negotiations for a settlement of their bonded debt but the Chinese have so far steadfastly refused even to discuss the matter.

Needless to say, the Council, through the Chinese Bondholders' Committee will continue to seek a settlement and to encourage HM Government to keep up the pressure. We rely on the London Bond Market to lend support to our efforts by refusing to countenance any new borrowing by China until there has been a satisfactory settlement of the old debts.

Michael Gough.
9-12, Cheapside, EC2.

Move into Europe

From Mr M. R. White

Sir,—For years, in company with other Euro-fanatics, Ernest Wistrich has been mentioning, just in general, never in detail, the benefits of the UK being in the EEC (October 17).

Will Mr Wistrich kindly write to you and actually detail, just six benefits for the UK through being in the EEC and will you kindly give him the space to do so?

If one of the benefits is trade (imports/exports) will he please ensure he *excludes* the value of sales of British oil from the figures?

M. R. White,
18 Maplewell Road,
Woodhouse Eaves,
Loughborough,
Leicestershire,
LE12 8QZ.

Paterson Zochonis up £7.7m and pays more

REFLECTING on satisfactory progress in most of its operations, the Paterson Zochonis group reports a £7.73m upsurge in profits for the year ended May 31 1981, and the directors are raising the dividend.

They warn, however, that bearing in mind the conditions in Nigeria, the current year's figures are not expected to reach those now being reported.

In the second half of 1980-81 the group, whose main interests cover merchanting and manufacturing in West Africa, produced a profit of £17.27m for an overall total of £29.51m for the full year, compared with £21.78m in 1979-80.

The final dividend is 3p, on the capital increased by the May scrip issues. This gives an effective total for the year of 4.33p, against 3.5p. Earnings on an adjusted basis are shown to be up from 20.19p to 30.60p.

Reviewing the year, the directors state that Nigeria enjoyed favourable market conditions for the greater part an this enabled the manufacturing operations to perform particularly well. Profits of overseas activities in Kenya, Australia and Greece showed satisfactory improvements.

In the UK the Cussons Group (toiletries, etc) benefited from the results of a capital investment programme in excess of £8m over the last few years, improved manufacturing efficiences and a reduction in the cost of materials. Therefore, UK figures showed a considerable improvement despite the competitive market conditions.

Looking at the current year, they state that margins on the trading side in Nigeria are tighter though turnover is higher, while manufacturing activities maintain satisfactory results. Work on major expansions to these manufacturing operations continues on schedule.

Returns from other group activities are improving and results so far indicate that profits for the half year should be slightly better than for the corresponding period (£12.23m). However, with Nigerian trading conditions in mind, full year figures are not expected to reach this year's record levels.

Net profit attributable to shareholders in 1980-81 has shot up from £10.32m to £28.17m after taking into account £13.33m (£439,000) release to profit and loss of the provision for deferred tax on stock relief, included in deferred liabilities at May 31 1980, no longer required.

The attributable figure before crediting the extraordinary item is £14.84m (£9.88m). On current cost this is reduced to £9.2m (£3.9m) after allowing for £2.2m (£1.7m) additional depreciation, £2.9m (£3.9m) cost of sales and monetary working capital adjustments, and £400,000 (£1.2m) favourable gearing adjustment.

Currency translation deficits of £818,000 (£2.22m) have been dealt with through reserves.

At May 31 ordinary shareholders' funds had jumped from £56.86m to £77.09m, and net assets employed from £62.28m to £87.53m. On the assets side short term deposits were £38m (£26.9m) and bank balances and cash £13.12m (£13.94m). Against these bank overdrafts had been cut to £31.46m (£236.26m) and deferred liabilities to £8.43m (£23.05m).

	1980-81 £000	1979-80 £000
Turnover	266,807	222,711
Operating profit	29,381	22,833
Exchange profit	348	*531
Interest net	5,307	4,937
Assocd. profits	5,106	4,414
Profit before tax	29,508	21,779
Taxation	14,096	11,328
Minorities	571	574
Balance	14,841	9,877
Extraord. credits	13,330	439
Attributable	28,171	10,316
Preference dividends	322	296
Attrib. ordinary	27,849	10,020
Ordinary dividends	2,056	1,661
Retained	25,793	8,359

* Loss.

See Lex

Ductile incurs £2.17m loss but sees quick recovery

WITH sales tumbling from £72.8m to £50.3m, Ductile Steels slumped from pre-tax profits of £3.49m to losses of £2.17m for the year to June 27, 1981.

However, Mr R. Sidway, chairman, says the current trading position is encouraging and a final dividend of 4.5p net is to be paid. As there was no interim, this payment stands against last year's total of 7p.

Of the current year Mr Sidway says he is confident that at present levels of demand the group will remain profitable. The directors are striving to improve the group's share of existing markets and to enter, either by means of acquisition or internal expansion, other areas which have long term prospects for growth.

Plans are advanced in Europe and in the UK to bring steel production capacity more in line with estimated requirements and to improve margins. This, coupled with a further increase in demand for particular group products which may come sooner than many predicts, will improve the company's fortunes "dramatically." He believes that actions which have already been taken will provide the basis for a return to levels of profit previously achieved in the group's best years. If at the half year stage the present indications of improved profitability are realised it is expected that an interim dividend of at least 2.5p per share will be paid.

For the year under review, interest took £430,000 (£530,000) and there was a tax credit of £2.02m (£1.26m charge), for losses per 25p share of 1.19p (earnings 17.24p).

After extraordinary debits of £877,000 (£283,000) and preference dividends, the attributable loss amounted to £1.03m (£1.95m profits). The ordinary dividend absorbed £585,000 (£905,000) and there was a £1.62m transfer from reserves (£1.04m to reserves). On a CCA basis the pre-tax loss is shown at £2.23m (£1.26m profit).

When reporting a £1.49m loss (£2.37m profit) at midway, Mr Sidway reported that the company's order load dropped considerably in July and August 1980 and continued to decline until the end of the calendar year. Faced with this situation the board took resolute action to further reduce costs and closed loss making activities.

This resulted in over a quarter of the workforce being made redundant and most of the remainder working on a short time basis.

Coupled with some improvement in orders this action rapidly stemmed the losses incurred in the first half so that the group was trading profitably by the year end.

Since then the improvement in sales has continued and with lower overheads the group has been able to achieve a satisfactory profit in the quarter to September. Short time working has been significantly reduced.

The recovery has been aided by a strong cash position which has been maintained, despite the losses, by a sharp reduction in working capital. The position has further improved due to the realisation of capital previously invested in activities which have been discontinued and this should enable the group to avoid high interest charges.

In the opening weeks of the year customers of the steel re-rolling division were still rebuilding stocks following the steel strike. This activity disguised to some extent the falling demand caused by the general decline in the economy and made the eventual fall-off in sales all the more sudden.

Selling prices, which are lower now than they were in 1979, must increase says Mr Sidway. The first steps have been taken and when more realistic prices and margins have been achieved the division will again be a major profit earner for the group, he adds.

● comment

At 87p (up 6p yesterday) the shares of Ductile Steels have doubled since the interim loss was announced in March. Much of this market recovery was accomplished at one bound, when Caparo made its raid in August; the Caparo stake now stands at about 18 per cent. Closure of the remaining Planetary mill and cutting overheads all round in the continuing operations has brought Ductile back to profitability in the first quarter of the current year. Plant breakeven-points have dropped from 65 to 50 per cent, while workloads have recovered to somewhere in the 60 per cent region. Even after absorbing closure costs — and another £277,000 of redundancy costs above the line — the balance sheet is in good shape; since the year-end Ductile has drawn into a net-cash position. Restoration of a 4.5p final dividend is coupled with a strong hint that an interim of 2.5p will follow this year suggesting a prospective yield of 12 per cent.

Walter Lawrence well placed after advance midway

AN ADVANCE in first-half taxable profits from £609,000 to £660,000 has ben effected at Walter Lawrence, the industrial holding company involved in property development, manufacturing and engineering, on turnover down from £31.56m to £30.64m.

The interim dividend is maintained at 2.5p net per 25p share; last year's total having been 7.5p when the pre-tax surplus reached £1.36m.

Earnings per share are given as 12.1p (11.1p). Mr J. A. B. Redgrave, the chairman, says he expects satisfactory results for the full year. He describes the forward order book for all sectors of the group's activities as substantial.

A decision to reduce hard-core borrowing in anticipation of continued high interest rates had been justified. This reduction will be maintained, he says, although finance for industrial and housing developments has extended to service the "increasing profitable activity" there.

That sector again made a sound contribution, with the continued success of house building activities—concentrated in the south-east and providing first-time buyer homes.

"Unfortunately, the change in local government administration in relation to planning has delayed the granting of detailed planning permissions, leading to delayed starts on several of our key housing sites. These permissions have now been granted and work on site has commenced, providing sales well into 1982."

Walaw Plant Hire, with reduced operations at Northampton and Bedford following depot closures reported last year, is trading with a positive cash flow.

Losses at Walter Lawrence Trading persisted into the first six months, but policy and management steps earlier this year have brought profitability for the company's current trading.

A turnround at Walter Lawrence Tools has not been as easily forthcoming, however, and losses have continued throughout this year. Some improvement is nonetheless expected as a result of senior management replacements which are "beginning to exert a beneficial influence."

The remainder of the manufacturing and engineering sector traded profitably. Subsidiaries there include Nico Manufacturing, Hiram Wild, Palmer and Shelley, and Wilkinsons Tools.

A similar £54,000 is debited as advance corporation tax on the dividend. In view of anticipated reliefs available, together with tax losses brought forward from earlier years, this is the only provision deemed necessary. No provision has been made for any allocation under the group's employee profit-sharing scheme.

The resulting profits are £606,000, up from £555,000, with the cost of the dividend then being debited for £125,000.

● comment

Loss elimination at Walter Lawrence is taking slightly longer to bring about than hoped. Despite substantial cutbacks in plant hire, manufacturing and trading businesses last year, they are still in overall loss and not much more than break even is expected by the end of the year. However, the construction and housebuilding side has been holding its own so some profit increase for the group is in sight, perhaps to £1.5m. At 122p, up 2p, the shares are thus on a prospective fully taxed p/e of just over 8 and, assuming a maintained final, yield almost 9 per cent. A more substantial recovery is likely next year when the door and tool subsidiaries should start contributing again. The construction order book is said to be good but often at margins as low as 1 per cent.

Office sale at Capital & Counties

Capital and Counties has sold its recently completed office development at 42-48 High Road, South Woodford for about £2m. This is the first major sale in the company's current UK development programme and marks a step forward in its policy of achieving profits from property trading.

Scott. Northern Investment

Pre-tax revenue rose at Scottish Northern Investment Trust from £1.41m to £1.59m for the six months to September 30 1981.

Earnings per 25p share are given as 1.91p (1.78p). Net asset value per share was lower at 123.23p compared with 140.12p last time.

Valuation of investments £74.63m (£81.96m). Tax was higher at £567,676 (£452,481). As already announced the interim dividend is held at 1.2p.

Sheldon Jones coming to USM

Sheldon Jones, the West Country animal feeds supplier, is coming to the Unlisted Securities Market by way of a placing 660,795 shares, 12.8 per cent of those issued, at 67p per share.

The company was formed in 1964 by the merger of two long-established family businesses, Alfred Sheldon and Sons and Jones and Son (Bruton). Since then, its volume of feed has approximately doubled, largely through internal growth but also through acquisitions.

It operates from feed mills in Wells and Bruton in Somerset and in Halberton in Devon and claims to have about 5 per cent of the feed business to the dairy industry in the South-west. Turnover and pre-tax profits were unusually high at £8.1m and £430,000 respectively in the year to May, 1977 because of the drought in 1976 but growth has been more steady since then. Turnover has risen from £7.87m in 1978 to £11.79m last year and profits moved from £362,000 to £761,000.

In view of the seasonal nature of the trade, the directors are not forecasting profits for the current year but say that trading in the first quarter compared favourably with the same period last year.

For the future, the company will continue its policy of securing the custom of as many leading farmers in the south-west as possible. The directors believe that further growth can be achieved by extending the range of products and services and also by increasing market share within the existing trading areas and by expanding into new territories.

The balance sheet at May 31 1981 shows net assets of £2.4m or 46.5p per share and fixed assets of £1.29m. Net borrowings amounted to £44,000 but as of October 2, the group had net cash balances of £312,000. A revaluation of properties was carried out on August 4 1981, indicating a £555,213 surplus.

The directors intend to recommend a dividend of 3.5p per share for the current year.

The placing is being made to provide flexibility in planning the company's future development and expansion and will also enable shareholders to realise part of their investment. All the shares in the placing come from existing shareholders.

The placing is being made by County Bank and brokers to it are Phillips and Drew. Dealings in the shares are to begin on October 26.

● comment

At first glance, Sheldon Jones seems an unlikely candidate for the stock market. The animal feed industry has been contracting — tonnages are off 10 per cent in the last 18 months — and seven major national companies supply over half the market. However, this family business has a good profit growth record — 15 per cent compound since 1976 at the pre-tax level — and a strong position in its region. Despite the overall market decline, Sheldon has maintained its tonnages in the past year and a half, excluding the effect of the Halberton acquisition. At the placing price, the fully taxed historic p/e of 9.5 does not look too demanding and the indicated 7.5 per cent yield is helpful. Sheldon stoutly denies that it is coming to market merely to show potential bidders its true value, but it is not entirely clear why so few shares are being offered in the placing.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Ductile Steels	4.5	Dec 7	4.88	4.5	7
Estate Duties Inv Tst int	0.8	—	0.77	—	2.21
Walter Lawrence ...int	2.5	Jan 5	2.5	—	7.5
F. J. C. Lilley ...int	1.98	Nov 30	1.8	—	5
Medminster	2.2	Jan 6	1.6	3.7	2.7
Paterson Zochonis	3	—	2.3*	4.33*	3.5*
Peachey Prop.	3	Dec 2	2.5	4.5†	4
Saga Holidays	8	Dec 15	6.25	11.2	9
Stewart Enter Inv Co int	0.2	Dec 11	—	—	—

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

2-for-1 scrip as Saga Holidays improves by 27%

SECOND-HALF pre-tax profits of Saga Holidays improved from £1.29m to £1.78m, and figures for the full year to June 30, 1981, rose 27 per cent from £2.44m to £3.09m. Turnover of this tour and hotel operator, which specialises in holidays for persons over 60 years old, was 16 per cent higher at £30.03m, compared with £25.89m.

Mr Sidney De Haan, the chairman, says that in the light of the results and the accumulated reserves, the board considers it appropriate to increase the share capital by way of a two-for-one scrip issue. This will be proposed at an EGM on December 11.

The final dividend is raised from 6.25p to 8p for an increased total of 11.2p against 9p net. This represents an increase of 24 per cent.

He says the future looks encouraging. Current bookings for the group's Winter programme are well ahead of those achieved last year, and the forward bookings for its Spring programme show an increase over the position last year at the comparable date.

He says the group's two new major tour operating projects have started well. Take Five, its programme for family holidays, had a satisfactory launch, producing a small contribution to turnover and profits. Saga International, its American organisation, is now firmly established in Boston, Massachusetts and will be launching its first brochure in November.

Many of the group's new ideas are now coming to fruition and, although they will require careful nursing, he remains optimistic for the continued growth of the group.

The pre-tax figure was struck after operating expenses amounting to £28.42m (£24.56m), leaving operating profits at £1.61m (£1.33m). Net investment income totalled £1.49m (£1.11m).

There was a nil tax charge against £78,000 last time. After dividends, which absorb £672,000 (£540,000), retained profits came out at £2.42m, against £1.82m. Stated earnings per 20p share improved from 39.36p to 51.57p.

Net tangible assets of the group at June 30, 1981, rose to £8.48m (£6.06m at June 30, 1980).

● comment

Saga Holidays has concocted a formula which should keep it rolling along for some while yet. Holidays are paid for well in advance and the cash receipts generate an investment income which almost equals Saga's operating profits. Since the company began investing in industrial assets for lease in the middle of 1980, it has also acquired a comprehensive tax-shelter. Having invested £5.2m so far, it escaped all liability for the year just ended. Rental profits on leased equipment reached some £0.4m, about a quarter of investment income. It seems improbable that the endowment can increase by another 34 per cent this year but there is still room for progress on the operating level. After a miserable summer, hoteliers are more than ever willing to be beaten down on the off-season rates they negotiate with tour operators. In the longer-term, profits may also flow from Saga's attack on the American retirement market. The shares put on 28p yesterday to reach 378p. The yield of 4.3 per cent and fully taxed p/e of 15 suggest that the market is fully abreast of events.

Unit linked pensions from London Life

London Life Assurance has launched two unit-linked pension plans, one for the self-employed and others in non-pensionable employment, and the other for controlling directors and other top executives.

These go alongside its present range of conventional pension plans and its managed fund operations for company pension scheme investment.

The company is also introducing a leanback facility on this new self-employed contract and will also make it available under its conventional with-profits pension contract.

The aim of the new plans is to combine the tax advantages of a pension plan with the growth potential of unit-linked investments. The policyholder has the choice of six funds with which to link his plan—equity, fixed-interest, property, deposit, mixed, and a fund investing in the index-linked gilt stocks.

London Life is one of the very few life companies that does not pay commission to intermediaries. Therefore, it has to rely on its own sales force for most of new life and pensions business. Its field staff will advise clients to ensure that they have a basic income in retirement through a conventional with-profit plan before taking out a unit-linked plan.

YEARLINGS

The coupon rate on this week's batch of local authority yearlings is 15¼ per cent against 15¾ per cent last week. The bonds are issued at par.

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB   Telephone 01-621 1212

1980-81 High	1980-81 Low	Company	Price	Change	Gross div. (p)	Yield %	P/E Actual	P/E Fully taxed
114	100	ABI Hldgs. 10pc CULS	110	—	10.0	9.1	—	—
76	39	Airsprung	69	−1	4.7	6.8	11.0	15.2
52	21	Armitage and Rhodes	44	—	4.3	9.8	3.7	8.3
200	92½	Bardon Hill	193	—	9.7	5.0	9.4	11.4
104	88	Deborah Services	97	—	5.5	5.7	4.8	9.1
126	88	Frank Horsell	115	—	6.4	5.6	10.4	26.0
110	39	Frederick Parker	60	—	1.7	2.8	26.1	—
110	50	George Blair	50	—	—	—	—	—
102	93	IPC	95	—	7.3	7.6	6.9	10.4
113	59	Jackson Group	96	+1		7.3	3.0	6.8
130	103	James Burrough	108	—	8.7	8.1	7.9	9.3
334	244	Robert Jenkins	285	—	31.3	11.0	4.0	10.1
59	50	Scruttons "A"	53	—	5.3	10.0	8.2	7.8
224	187	Torday	187	—	15.1	8.1	7.2	12.4
23	8	Twinlock Ord.	13½	+½	—	—	—	—
90	68	Twinlock 15pc ULS	77	+1	15.0	19.5	—	—
56	34	Unilock Holdings	34	—	3.0	8.8	6.1	10.3
103	81	Walter Alexander	84	—	6.4	7.6	5.5	9.2
263	181	W. S. Yeates	225	—	13.1	5.8	4.3	8.7

THE TRING HALL USM INDEX
109.3 (+0.1)
close of business 20/10/81
BASE RATE 10/11/80 100
Tel: 01-638 1591

CORAL INDEX
Close 471-476 (+12)

OIL INDEX
December Refined $43.65
January Refined $44.15

HTV looking for 'reasonably healthy' current year result

EVEN IF there is no upturn in the general economic climate, the HTV Group can look for a reasonably healthy result during the present year, says Lord Harlech, chairman and chief executive, in his annual statement.

And if, as is believed in some quarters, a modest revival does occur in 1982, then all companies in the group are well set to catch the "freshening breeze."

On the television side Lord Harlech is hopeful that results will be reasonably good, assuming that the final shape of the contracts with the IBA and the Welsh Fourth Channel Authority are satisfactory, and considering this division will be operating in a period which covers seven months of additional costs under the new programme contract and before the start of advertising income generated by the Fourth Channel.

At Frost and Reed (fine art) there has been a good start to the year. In publishing and stationery T. J. and J. Smith's losses of the past year should be translated into profits, but at Frederick Muller the chairman would expect another difficult 12 months although he is looking for a significant improvement.

Benefits of the reorganisation at Smith, which cost well over £1m, should begin to be felt this year. The sweeping changes made at Muller have not had time to make themselves felt; last year was bad for the company and further action has been taken to improve performance. However, it is too early to know whether the latest action will be sufficient to make the undertaking profitable.

Lord Harlech highlights the "unfortunate" new approach to the treatment of programme costs related to sales overseas and their assessment for Exchequer Levy, and says it has made this kind of activity hazardous in financial terms.

Because of this HTV had to abandon a major project (a television film entitled Goliath Awaits) at a cost of £50,000. This has now been made without British involvement and will be shown at prime time in America this autumn, with the resultant loss of a major production for a world market HTV has helped to develop, the loss to the Exchequer in terms of corporation tax on profits and in foreign exchange, the loss of potential jobs within the television industry here and a loss to HTV in terms of efficiency and financial resources.

"I am at a loss to discover who has derived any benefit from this action and would hope that the whole position could be reconsidered," Lord Harlech states.

Looking further ahead, Lord Harlech sees good prospects for the television operation. He would hope that a start could be made soon on the first phase of the development at Culverhouse Cross, for which full preparations were made a long time ago.

In the year ended July 31, 1981, the group profit came to £2.97m (£3.58m). Advertising revenue increased but additional costs and a large rise in the Exchequer Levy took their toll on profits. The dividend is held at 10p per share.

At July 31 shareholders' funds stood at £12.38m, against £11.33m a year earlier. Unsecured bank overdrafts appeared at £6.25m (£3.58m), while short-term deposits totalled £6m (£3.23m).

Annual meeting, Bristol, November 12, at 12.30 pm.

Leiner Gelatins optimistic

IN ITS first year's trading to May 3 1981 Leiner Gelatins, the Glamorgan-based manufacturer of specialised gelatins, made pre-tax profits of £663,706 on turnover of £3.43m. There was no tax charge for the period.

For the future Mr M. W. Kaye, the chairman, is cautiously optimistic. He says despite the lessons which might have been learnt, as a result of clear market trends and the disappearance of some long established companies the gelatins industry world-wide still has major problems.

However, he adds that the directors are confident that the company can maintain its position "given that the world situation gets no worse."

Mr Kaye believes that the group's particular market sector will continue to hold up well and he looks forward to a period of consolidation and steady progress.

Leiner Gelatins was formed last year following the collapse of P. Leiner and Sons. A group of former executives of that company, with institutional support, bought plant and materials from the receiver and set up a specialised production unit.

Mr Kaye says the first year's figures confirm the directors' strong belief that there is room in the troubled gelatin industry for a new kind of company, aimed towards the more demanding, and profitable, sectors of the industry.

Capital investment during the past year amounted to £652,636. The directors say this will continue at a level commensurate with the controlled development of the company. Because of this commitment no dividend is being proposed for the year.

The final stage of the plant rationalisation is now under way with a substantial modernisation of the group's blending area. This month its new effluent plant will be put on stream.

The report and accounts for the year show that two investment trusts managed by Gartmore Investments held 27.27 per cent of the issued ordinary shares of the group at year end.

Peachey Property grows 22% to £4.7m

WITH A minimal number of properties vacant the Peachey Property Corporation increased taxable profits for the year to June 24 1981 by 22 per cent from £3.87m to £4.7m, on revenue of £5.86m, compared with £5.05m.

Sir Charles Ball, chairman, says the company has withstood the recession well and he is confident it will continue to report satisfactory progress.

The final dividend of this property dealing, trading and investment group is being raised from 2.5p to 3p net per 25p share making a total for the year of 4.5p (4p). Earnings are stated at 9.1p (8.9p) per share, and net assets at 235p (214p adjusted for rights issue) before a provision for deferred tax of 19p (20p).

A revaluation of properties, excluding developments, showed a surplus £7.98m against a book value of £70.41m. Of this surplus—which has been taken to reserves—£1.75m was attributable to Avenue Close which was acquired in March 1981 for a total consideration of £10.5m. The cash element of £6.9m absorbed almost all the proceeds of rights issue made in November 1980.

Revenue was made up of gross rents receivable amounting to £4.32m (£3.64m) and trading property sales totalling £1.54m (£1.4m).

The pre-tax profits were struck after interest payable of £528,000 (£701,000) and administration and other expenses of £1.18m (£1.2m), and included net rents of £3.8m (£3.08m), interest and dividends receivable of £1.2m (£1.12m), profits on trading property sales of £1.2m (£1.21m) and other income of £212,000 (£359,000).

Tax took £2.34m (£1.87m) leaving attributable profits of £2.37m (£2m). After a transfer to capital surpluses of £575,000 (£508,000) and dividends of £1.34m (£878,000) the retained balance emerged at £456,000

● comment

Peachey finally invested the proceeds of its October 1980 rights issue and the 24 per cent rise in taxable profits stems not just from reversionary growth but from deposit income for some six months until the Avenue Close deal and eventually by some £250,000, on a broad pro rata basis, as the new acquisition's contribution to net rental income. The addition of Avenue Close, however, is by no means the end of the takeover effort. Term debt, on advantageously low coupons, now totals £8.1m, bank borrowings have been eliminated and shareholder's funds in the June balance sheet stand at about £76m. Residential properties account for 18.5 per cent of the overall portfolio, against 29 per cent last year, and the two major apartment blocks have been on the market for the last month with an aggregate, up to date, valuation of some £4m. Trading property sales income is otherwise expected to be flat this year but the rise in rental and investment income should support a progressive dividend policy. The historic yield is 4.9 per cent at 134p, up 8p yesterday, and the discount on revalued assets—conservatively stated ex deferred tax—is now 43 per cent.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last years' timetable.

TODAY

Interims: British Home Stores, City of Oxford Investment Trust, Continental Union Trust, Francis Industries, Gill and Duffus, Hawker Siddeley, Jessel Toynbee, London Brick, Smith St. Aubyn, Sun Life Assurance, Telephone Rentals.

Finals: Eleco, Kalamazoo, W. Tyzack and Turner.

FUTURE DATES

Interims—	
Atlas Electric & General Trust	Oct 22
Central and Sheerwood	Oct 27
Coats Patons	Oct 29
Cullen's Stores	Nov 9
Lunuva (Ceylon) Tea & Rubber	Oct 29
Milletts Leisure Shops	Nov 5
Northern Securities Trust	Nov 12
Press (William)	Oct 29
Roberts Adlard	Nov 3
Scottish Ontario Investment	Nov 6
Sketchley	Nov 3
Final—	
British Car Auction	Oct 27

Reardon Smith edges higher

TAXABLE PROFITS of Reardon Smith Line, the Cardiff-based ship operator, improved marginally from £623,000 to £641,000 for the half year to September 30 1981 on turnover almost £2m higher at £14.14m, compared with £12.3m.

The directors say that during the first few months of the financial year the dramatic fall in freight rate levels was to some extent offset as a result of a strong U.S. dollar against the pound.

They warn however that trading conditions since then have seriously deteriorated although they are hopeful an improvement will take place during the winter. At the present time "it appears that the position will remain extremely difficult during the rest of the financial year."

In the longer term, the directors remain optimistic that the company will return to greater profitability when the world begins to move out of recession and there is an upturn in world-wide trade.

Results from trading for the half year show bulk carrier profits static at £2.13m (£2.14m) but smaller tanker losses of £48,000 (£181,000). Investment income totalled £257,000 (£264,000).

The pre-tax profit was struck after interest charges of £643,000 (£816,000) and depreciation of £833,000 (£827,000). There was an unrealised exchange loss on a foreign loan of £220,000 (£45,000 gain).

By reason of capital allowances available, it is unlikely that any liability to corporation tax will arise in respect of the half year.

The directors say consideration will be given to the payment of a dividend for the year at the time of the publication of the annual accounts—for 1980-1981 1.75p net per 50p share was paid from taxable profits of £1.43m (£118,000).

● comment

Last year Reardon Smith returned to profitability for the first time in five years, and in the first six months of the current year it has just kept ahead of the game. So far, the favourable impact of sterling's fall against the dollar has outweighted the decline in freight rates. The balance of these influences is becoming less favourable, as over-capacity is causing increased rate-competition. Moreover, the company expresses concern at being undercut by operators who do not face UK cost levels. Despite these cautionary notes, the shares were marked up; the voting stock rose 6p to 105. The calculation must be that last year's 1.75p dividend has already been covered, even on the pessimistic assumption that there are to be no second-half earnings.

Estate Duties Investment

In the six months to September 30 1981 Estates Duties Investment Trust increased net revenue after tax from £1.04m to £1.08m. The interim dividend is being raised from 0.769p (adjusted for one-for-25 scrip) to 0.8p net per 25p share.

Tax took £499,000 (£505,000). The trust, which specialises in the purchase of minority stakes in unlisted companies, made investments during the six months in 12 companies amounting to £893,000.

Medminster moves ahead

With its entry into the exhibition furniture hire field, Medminster, shipper and forwarder, increased its pre-tax profits from £327,036 to £354,179 in the year to June 30 1981. First half figures had improved from £105,424 to £165,811.

The final dividend is raised from 1.6p to 2.2p for a total increased by 1p to 3.7p. The dividend absorbs £74,000 against £54,000.

After tax up from £119,212 to £136,090, the attributable profit emerged at £218,089 compared with £207,824. Stated earnings per 10p share improved from 10.39p to 10.9p.

The directors say that during the year, and currently continuing, shipping services and the furniture hire division are internally expanding and prosperous.

Mr Robert Delaney (34) and Mr Garry Hardisty (36) have been appointed directors.

RESULTS AND ACCOUNTS IN BRIEF

CITY OF ABERDEEN LAND ASSOCIATION (housebuilding and property development)—Results for year to June 30, 1981, and prospects reported October 9. Current cost pre-tax profits £810,000, against historical £1.08m Group fixed assets £601,000 (£383,000); net current assets £2.65m (£2.35m). Shareholders' funds £3.32m (£1.52m) Company is confident that dividend level can at least be maintained on increased capital Several "CALA-type" sites have been acquired to provide very satisfactory land-bank. Meeting, Aberdeen, Nov 6, 12.30 pm.

MURRAY GLENDEVON INVESTMENT TRUST—Results for year to July 31, 1981, reported September 16. Investments £25.76m (£20.62m) Net current liabilities £3.37m (£2.68m). Equity shareholders' interest £20.39m (£15.31m). Liquidity increased £50,000 (£396,000 decrease). Trust's primary objective will continue to be capital growth, but at same time it hopes to achieve a steady, but modest dividend growth. Meeting, Glasgow, November 9, 2.30 pm.

PARKER KNOLL (furnishings) — Results for year to July 31 1981 and prospects already known. Group shareholders' funds £13.99m (£12.77m) Net current assets £7.2m (£6.01m). Fixed assets £7.98m (£8.07m). Liquidity increase £1.63m (£2.17m decrease). Meeting, New Berners Hotel, W, November 13, 12.30 pm.

SOVEREIGN OIL AND GAS (oil and gas exploration)—Turnover for eight months to June 30, 1981, £89,028 (£100,648 for year to December 31, 1980). Operating profit £79,519 (£85,127). other income £93,556 (£452,843). Exploration costs written off nil (£127,119). Tax nil (£15,704), net profit £173,075 (£426,565). The company, whose shares are quoted on the Unlisted Securities Market, was formerly named Siebens Oil and Gas (UK).

J. T. Parrish slumps to loss of £47,000

In the 28 weeks to August 1, 1981, J. T. Parrish plunged from taxable loses of £4,000 to £47,000, on lower turnover of £1.66m, compared with £1.83m.

The directors of this departmental store and property development company say that trade continues to be depressed and the outcome for the full year will again depend on the Christmas period. Although Rodney Archibald and Co.—the property development subsidiary—is being run down, interest charges are likely to mean continuing losses until it finally ceases to trade, they add.

Last year a single dividend of 4p net per 25p share was paid on taxable profits of £119,377.

Nova Scotia 30 year bond to raise £30m

The Province of Nova Scotia is to raise £30m with a 30 year "Bulldog" bond on the domestic sterling market. The issue is in the form of a placing and is being underwritten by S. G. Warburg and Co, County Bank, Hambros Bank, McLeod Young Weir International, N. M. Rothschild and Sons and J. Henry Schroder Wagg and Co. Brokers to the issue are Rowe and Pitman and R. Nivison and Co.

The yield is 17.23 per cent, calculated on a coupon of 16.75 per cent and an issue price of 97.29 per cent, representing a 1.58 per cent premium over the Treasury 13.5 per cent to 2004-08 stock.

SCOTTISH AND NEWCASTLE

Scottish and Newcastle Breweries has purchased £1.53m of its 6¾ per cent first mortgage debenture stock 1985-90 at 62⅞p per £1 stock.

RUBEROID EGM

The extraordinary meeting of Ruberoid to approve the issue of 1.4m shares to the NCB Pension Fund will be held on November 9, not November 16 as stated yesterday.

EUROPEAN OPTIONS EXCHANGE

Series		Vol.	Last	Vol.	Last	Vol.	Last	Stock
		Nov.		Feb.		May.		
GOLD C	$425	1	26	—	—	—	—	$437
GOLD C	$450	60	12	4	33	—	—	"
GOLD C	$475	—	—	4	20.50	—	—	"
GOLD C	$500	17	3	18	17.50	—	—	"
GOLD P	$425	20	9.50	—	—	—	—	"
GOLD P	$450	—	—	3	27	—	—	"
GOLD P	$475	—	—	1	40	—	—	"
		Dec.		March		June		
GM C	$45	—	—	10	2	—	—	$41
		Jan.		April		July		
ABN C	F.280	2	13	—	—	—	—	F.282.50
ABN C	F.320	5	1.50	—	—	—	—	"
AKZO C	F.22.50	11	1.40	22	1.90	14	3	F.21.20
AKZO C	F.25	10	0.60	—	—	15	2	"
AKZO C	F27.50	—	—	5	0.60	—	—	"
AKZO P	F.22.50	20	1.80	—	—	16	2	"
AMRO C	F.55	10	1.70	—	—	—	—	F.58.90
HEIN C	F.50	5	2.20	—	—	—	—	F.46.40
HEIN C	F.55	11	0.80	—	—	—	—	"
HOOG C	F.15	20	1	6	1.80	—	—	F.14.40
IBM P	$50	—	—	3	2⅛	—	—	$51⅛
IBM P	$60	—	—	5	8½	—	—	"
KLM C	F.90	77	15.80	10	20	10	23	F.100
KLM C	F.100	172	10.40	31	13.50 B	—	—	"
KLM C	F.110	135	6.30	22	9.50 B	—	—	"
KLM C	F.120	40	3.80	23	6.50	—	—	"
KLM C	F.130	65	2.50	—	—	—	—	"
KLM C	F.140	41	1.40	—	—	—	—	"
KLM C	F.150	85	1	—	—	—	—	"
KLM P	F.80	72	1.60	—	—	—	—	"
KLM P	F.90	327	2.50	—	—	—	—	"
KLM P	F.100	71	6.30	—	—	—	—	"
NEDL C	F.140	10	9	—	—	—	—	F.136
NEDL C	F.150	3	5	—	—	—	—	"
NEDL C	F.160	10	2.60	—	—	—	—	"
NEDL C	F.170	8	1.50	—	—	—	—	"
NEDL C	F.180	5	0.70	—	—	—	—	"
NEDL P	F.130	6	2.40	—	—	4	9	"
NEDL P	F.160	10	25 A	—	—	—	—	"
NATN C	F.110	4	4.80	—	—	—	—	F.110.30
NATN C	F.115	8	2.80	2	4	—	—	"
PETR C	F.4286	8	150	—	—	—	—	Fr.3885
PHIL C	F.20	155	1.50	18	2.50	—	—	F.20.30
PHIL C	F.22.50	37	0.70	57	1.20	—	—	"
PHIL C	F.25	55	0.40	5	0.50	—	—	"
PHIL C	F.17.50	25	0.30	—	—	20	0.90	"
PHIL P	F20	45	1.20	—	—	—	—	"
RD C	F.70	10	9	—	—	—	—	F.75.50
RD C	F.80	71	4.40	165	7	—	—	"
RD C	F.90	105	1.70	12	3.30	—	—	"
RD P	F.100	18	0.70	—	—	—	—	"
RD P	F.70	64	1.90	—	—	—	—	"
RD P	F.80	8	6.50	63	7.50	—	—	"
RD P	F.100	—	—	13	25	—	—	"
UNIL C	F.140	6	5.80	—	—	—	—	F.139.20
UNIL C	F.150	14	2.40	10	5.80	—	—	"
		Nov.		Feb.		May		
BASF C	DM.140	—	—	30	4.80	—	—	DM138.39

TOTAL VOLUME IN CONTRACTS 2573

A=Asked B=Bid C=Call P=Put

Lilley climbs 28.7% midyear

A SHARP rise of 28.7 per cent from £2.76m to £3.55m in pre-tax profits is shown by F. J. C. Lilley for the six months to July 31 1981. Turnover of this civil engineer and building contrator rose 16.4 per cent from £47.35m to £55.13m; of which 25 per cent related to overseas trading.

"The progress already achieved should be maintained in the second half of the current financial year," says Mr J. Aitken, the chairman.

The net interim dividend has been lifted from 1.8p to 1.98p, an increase of 10 per cent. The directors say they intend to recommend payment of a similar increase in the final dividend. Stated earnings per 25p share are higher at 8.69p (8.45p), adjusted to take account of the rights issue in October 1980.

The directors consider that these results are satisfactory, and the increase in interest received, from £166,000 to £635,000, reflects the group's strong liquid position.

While it continues to be difficult to make long-term predictions in the present economic climate, the directors are of the opinion that, having regard to the group's order book and the steps which have been taken to widen its spread of interests, progress should be maintained.

Depreciation rose from £1.19m to £1.48m. The tax charge was higher at £1.5m (£1.1m). Minority interests took an increased £35,000 (£21,000), and attributable profits came out higher at £2.02m (£1.64m).

In the last full year a total dividend of 5p was paid from pre-tax profits of £6.11m on turnover of £101.5m.

As announced on October 6 1981, agreement has been reached with MDW Holdings on the terms of a recommended offer to be made by the company for MDW.

● comment

F. J. C. Lilley is well on the way to a tenth successive year of earnings growth despite the recession and last October's rights issue. The 29 per cent rise at the pre-tax level reflects the continuing buoyancy of energy-based contracting in the UK and a handsome £350,000 contribution from the Colorado construction company, Harrison Western, acquired in May 1980. These divisions continue to perform well; the UK company has just won a £10m contract from Esso at Mossmorran and Harrison has a $45m job on a hylro-electric project in Alaska. On the manufacturing side, Ace Machinery is still losing a bit but the pump and pipe fittings companies are earning a little. Lilley will have to pay out £3.38m soon for the cash element of the MDW deal and must then absorb MDW's £3.4m net borrowings but the enlarged group will probably still have a slight net cash balance. The Lilley shares rose 8p to 143p yesterday while MDW was up 5p to 115p. With first-time contributions from its two latest U.S. acquisitions in the second-half, Lilley should make £7.5m in the year, which would mean a prospective fully taxed p/e of about 9.5. Lilley paid a higher final dividend than forecast last year and may do so again this year but the indicated yield is 5.5 per cent.

Operating cost cuts pull RTD into black

A RETURN to profitability has been achieved as anticipated by RTD Group, the Dublin-based electroplater and generating set manufacturer, mainly as a result of action to reduce operating costs.

Taxable earnigs for the six months to August 31 1981 were I£134,000 compared with I£95,000 losses, reaching I£318,000 for last year as a whole.

However, Mr Dermot A. Ryan, the chairman, urges caution over prospects for the current period. The group had experienced "unprecedented customer reaction" against price increases, while interest costs will "inevitably be substantially greater."

Earnings per 20p share are given as 5.1p against 3.5p losses. No dividend has been paid since 1977 although the group remained in the black until last year.

On slightly improved sales of £2.76m (£2.71m), trading profits were £140,000 against £68,000 losses. Interest charges were brought down from £27,000 (£65,000 for the full year) to £6,000.

Tax credits of £21,000 (£16,000 debits) left the retained surplus at £113,000. This compares with a £94,000 transfer from reserves after £15,000 debits for extraordinary items.

CCA adjustments reduce the net result of £65,000 and earnings per share to 2.9p.

SPAIN

October 20	Price %	+ or −
Banco Bilbao	345	−6
Banco Central	332	−8
Banco Exterior	305	−5
Banco Hispano	312	−3
Banco Ind. Cat.	118	
Banco Santander	389	
Banco Urquijo	234	−6
Banco Vizcaya	367	−5
Banco Zaragoza	232	
Dragados	166	−7
Espanola Zinc	73	−1
Fecsa	69.0	−1.2
Gal. Preciados	49.0	−2.5
Hidrola	76.2	+0.2
Iberduero	58.5	+2.5
Petroleos	104.7	−1
Petroliber	83	
Sogefisa	51	
Telefonica	79	
Union Elect.	74	+1

MINING NEWS

Murchison sees revival in antimony demand

BY KENNETH MARSTON, MINING EDITOR

RECOVERIES IN the fortunes of the Consolidated Murchison and Prieska base metal mines feature the September quarterly reports of South Africa's Anglo Transvaal group mines.

The antimony-producing Murchison has turned in a September quarter net profit of R1.1m (£634,400) compared with R876,000 in the previous three months, R788,000 in the March quarter and a loss of R1m in the December quarter of last year.

Murchison's good performance reflects a genuine improvement in the earlier very depressed demand for antimony. The material's applications include use in electric batteries and flame-proof materials. It is used in the automobile, building and consumer goods industries.

Sales of antimony concentrates and cobbed ore made by Murchison in the latest quarter rose to 4,719 tonnes from 2,553 tonnes in the previous three months and the company expects that the higher level of sales will be maintained for the rest of the year.

Prieska's return to profits in the September quarter after having gone into the red in the previous three months stems from sharply increased sales of copper and zinc concentrates.

Despatches vary from quarter to quarter and the mine made an export shipment in the September quarter whereas there were none in the previous three months.

Lower net profits for the September quarter are reported by the group's gold producers. Exceptionally the marginal Loraine increased its working profit thanks to a sharp improvement in the grade of ore treated and a higher gold price received in terms of South African rands.

However, the financial year-end adjustments to stores and service benefits plus less State aid reduced the profit at the net level.

	Sept qtr. R000	June qtr. R000	March qtr. R000
Hartebeestfontein	27,560	28,442	31,181
Loraine	*2,454	*3,463	*777
Consd. Murchison	1,116	876	788
Prieska	1,711	†844	3,168
East Transvaal	1,917	2,428	1,961
Village Main	348	488	311

† Loss. * After receipt of State assistance.

MIM goes into the red

AUSTRALIA'S major base metal mining group, MIM Holdings, has run into the red for the first time in 45 years with a loss for the first quarter of the year to next June of A$1.14m (£707,800). This poor result, which was foreshadowed here yesterday, compares with a profit of A$32.36m in the same period of last year.

The loss reflects a lower sales revenue of A$123.2m compared with A$168.15m a year ago coupled with a 13 per cent increase in costs. Apart from lower metal prices, metal sales were reduced although shipping schedules and other operating difficulties distorted the sales volume.

The MIM secretary, Mr R. B. Byers, said that another adverse factor was the Australian dollar equivalent of the London Metal Exchange price for copper. In constant dollar terms, this price is lower than the average price for any year since the mid-1940s, he noted.

Mr Byers said that, in addition, returns from the Agnew nickel mine and the new Teutonic Bore lead-zinc-silver operation in Western Australia were unsatisfactory, while MIM's costs had been inflated by an unusually large number of shutdowns at the Mount Isa copper and lead smelters for environmental reasons.

Meanwhile, Queensland yesterday set out to reassure companies involved in the A$2bn (£1.24bn) development of the state's coal resources by insisting that it would not introduce a further sudden road levy, reports David Tonge from Brisbane.

Dr Llew Edwards, the state's treasurer, told the Financial Times that last month's A$149.5m levy on the companies was a once-and-for-all charge.

He said that some companies have willingly met the bill presented to them for work on the roads but most companies have been deeply disturbed at what they see as a change in the rules "after the game has started."

They fear that the levy may be repeated. They have complained that the levy and recent federal tax changes reduce their expected return from their investments and disturb banks abroad which are putting up around 60 per cent of the massive development.

Foreign companies involved in coal projects here include BP, Mitsui, Shell and Utah. Dr Edwards insisted the projects still offered a good rate of return and that companies were continuing to knock at the coal-rich state's doors.

Questioned why the charge was retroactive, he replied: "We believe the people of Queensland expect this of us." He referred to opposition charges that the state government is not obtaining sufficient benefits from the development of the Bowen Basin and adjoining coalfields which are the size of Britain.

The state's concern to avoid disturbing investment is reflected in work now being carried out by the Ministry of Mines and Energy to make sure that in the future companies obtaining "authorities to prospect" will know what conditions they face, Mr Ivan Gibbs, the Minister, said yesterday that companies must be helped in converting these authorities to mining leases.

However, he warned that the authorities to prospect would be taken back from companies not using them. Mr Michael Pinnock, executive director of the Queensland Chamber of Mines, insists that the state government has an exaggerated sense of the "bonanza" involved, a view which is underlined by the latest results from MIM Holdings.

Endeavour bid for N. Mining

AUSTRALIA'S Endeavour Resources, 42 per cent-owned by Mr Alan Bond's Bond Corporation, is making a new A$54m (£33.5m) offer for Northern Mining which holds a 5 per cent stake in the Ashton diamond joint venture in Western Australia, reports our Sydney correspondent.

Endeavour has had to tailor its new bid to meet the requirements of Northern Mining and the National Companies and Securities Commission.

Under the terms of a settlement announced yesterday Endeavour will bid for the outstanding 60 per cent of Northern Mining which it does not already own at a price of A$3.70 (230p) for the fully paid shares and $3.50 for the partly paid.

The original offer was of A$3.64 for the fully paid shares of Northern Mining and A$3.44 for the partly paid.

Although the period for the latest offer becoming unconditional is three months, it will remain open for not less than five months in order to allow Northern Mining holders who converted their share options in March to hold the shares for more than 12 months.

BIDS AND DEALS

'Merger would produce major opportunities'—Argyll

THE MERGER of Argyll Food and Linfood Holdings would create one of the largest UK food distribution businesses and, with their complementary activities, would produce "major opportunities for increased efficiencies." Stating this in the formal offer Mr James Gulliver, chairman of Argyll, tells shareholders that it is not Argyll's intention to dispose of any of Linfood's businesses.

Mr Gulliver gives four main reasons for the merger—the operational and geographical fit; the scale of benefits to be obtained; the major and enhanced trading opportunities which will result; and "management strengths which I believe that Argyll can contribute alongside Linfood management to the task of realising the potential of Linfood's business in conjunction with that of successfully integrating and developing the enlarged group."

Mr Gulliver says that the most directly comparable activities of the two companies are cash and carry wholesale and grocery retail which together account for some 60 per cent of the total turnover of Argyll and 50 per cent of that of Linfood.

Spelling out the future for the enlarged group, the chairman says there would be excellent opportunities for sustained development through four main trading areas. Cash and carry wholesale and grocery retail, two major contributors to profit, would have the added benefit of increased efficiency arising through the combination of activities.

Linfood's Carrefour Hypermarkets and Argyll's Cordon Bleu freezer food centres are seen as strategically important businesses in attractive market sectors. Mr Gulliver says the general thrust of development would be to take the enlarged group closer to the consumer by increased concentration on retail activities.

On the cash and carry side the sales and margins of the merged operation would be progressively improved through emphasising product markets, such as catering confectionery and a restricted range of non-foods including concessions. Marketing advantages would come from the creation of a chain of around 116 depots, sales of £400m and a market share estimated at 16 per cent.

Shareholders are told that the combined grocery retail side would operate almost 350 stores with aggregate sales of over £300m—some 2 per cent of total UK grocery sales with near national coverage.

Argyll is offering 110 ordinary shares and 85 new 8½ per cent convertible shares for every 100 Linfood shares, or there is a cash alternative of 170.875p per Linfood share The latter will be available until November 10 and if the offer becomes unconditional as to acceptances at that time it will not be extended. Linfood shares closed unchanged at 170p yesterday.

Argyll holds a total of 24.3 per cent of the ordinary capital of Linfood following the purchase of a further 945,000 shares on Monday. The offer has been rejected by the directors of Linfood on the basis that Argyll has nothing to offer the company which it could not achieve on its own.

As the accounts of Linfood for the year ended April 25 1981 have not yet been published Argyll has been advised that, in the circumstances of an acquisition of this size, it would be prudent to have a temporary increase in the borrowing limit. It is proposed to raise this to £90m until publication of the Argyll accounts for 1981-82.

This compares with gross borrowings, as analysed in the pro-forma balance sheet of the enlarged group, of £64m and with pro-forma shareholders' funds of £49m, after deducting goodwill of £10m, but including the surplus on the 1979 revaluation of Linfood group properties.

Torday in £1.7m merger with Lockwood & Carlisle

Torday, the Newcastle-based electro-chemical engineering group, is to merge with Lockwood and Carlisle, a manufacturer of piston rings, after working together on a number of joint ventures over the last 16 years.

The merger terms value L and C at around £1.7m. Torday, whose shares are traded on the special market made by M. J. H. Nightingale, is offering L and C shareholders 47 of its shares for every 10 L and C held.

At the pre-suspension price of Torday, on September 9, of 187p the offer places a value of £8.79 on each L and C share.

The directors of L and C are all in favour of the merger and are recommending shareholders to accept.

Full aceptance will involve the issue of 902,400 Torday shares representing about 37 per cent of the enlarged capital of Torday.

L and C has been manufacturing piston rings for the marine and industrial engine market since 1876.

The boards of both companies said yesterday that for some time they "have realised the dangers of the major part of their respective businesses being in joint ventures which by their nature could have a limited life where the corporate objectives of the joint venture partners grow apart. The merger of the two companies will create an enlarged group in which the present associated companies will become wholly owned subsidiaries."

Over the last 16 years Torday has established associated companies as joint ventures with L and C worldwide to provide a reconditioning and trading service for the ship-owning industry.

In the year 1980 L and C reported group profits before tax of £370,941, the major part of which came from its share of the profits of associates. Torday's profit was £484,129, with the U.K. subsidiaries contributing about one-third and the balance coming from share of associates.

R. P. MARTIN AND HELIBROKER

Negotiations have been successfully completed for Krato Invest AG—the Glarus, Switzerland based wholly owned subsidiary of foreign exchange and currency broker R. P. Martin and Co—to acquire the 50 per cent of Helibrocker AG it does not already own for a total consideration of SwFr 2.5m (£1.34m) cash. This follows the completion of the merger between R. P. Martin and Bierbaum Group on October 14.

In February 1977 Krato acquired a 50 per cent interest in Helibrocker which was established as a foreign exchange broker in Zurich in April 1974. Krato, an investment holding company, was owned by the partners of Bierbaum prior to the merger with R. P. Martin.

Helibroker intends to develop the business and increase its share of the important Swiss foreign currency deposits markets. In the year to June 30 1981 Helibroker's taxable profits were SwFr 564,000 and at the year end its net assets were SwFr 516,000.

Lex sells half of Transfleet and disposes of its U.S. hotets

BY DUNCAN CAMPBELL-SMITH

Lex Service Group, the UK car distributor, has completed a reorganisation of its motor vehicle leasing activities by selling half of its Transfleet Services subsidiary to Lombard North Central for £1m. It has also sold the last of its four U.S. hotels and has effected a final withdrawal from the hotel industry. The shares closed up 5p at 91p.

Lombard North Central is the instalment credit and leasing subsidiary of the National Westminster group. While taking half the equity of Transfleet, a commercial vehicle hire business, Lombard will provide it with "appropriate funding" to replace its existing borrowings from the Lex parent. The size and manner of the funding have not been disclosed.

Lex will continue to manage Transfleet's business. It lost money in the first half of 1980, but recovered in the second half, and has operated at about break-even level so far this year. It will now be consolidated into Lex's results as an associated company, following the example of Lex Vehicle Leasing, the car hire business, which was the subject of a similar deal with Lombard in July 1980.

Lex also announced yesterday the sale of its International Hotel at Baltimore/Washington airport to BWI Inn Associates for $5.5m. It has received $3.85m cash, transferring $1.65m of mortgage finance to the purchaser. The hotel's book value at the end of 1980 was $3.8m.

In the last 12 months, Lex has realised $58.8m by disposing of its U.S. hotel interests, including the Royal Orleans, sold last month, and the Whitehall hotels in Chicago and Houston.

At the same time, the company has been compensated $4m for the cancellation at the end of this year of its 20-year management contract with the Carlton Tower Hotel in London. The contract was signed in December, 1977, when Lex sold the hotel to Proteus for £14m. All of Lex's employees at the hotel have been offered renewal contracts by Proteus.

Techno Inds. 'will broaden Metal Closures activities'

GIVING FULL details of the acquisition of Techno Industries for £4.93m; Metal Closures says that Techno with its consistent profit record and earnings potential, will broaden the range of the group's activities within the packaging industry and enhance the prospects of the group in the future.

Techno group, which employs 300 people, is engaged in the design and manufacture of packaging machinery and related equipment. Profits before tax amounted to £786,000 in the year ended June 30, 1981 on a turnover of £7.3m.

At August 28, 1981 Metal Closures group had outstanding unsecured loans and bank overdrafts of £1.31m, a secured mortgage loan of £255,000 and debenture and mortgage stocks of £1.06m. At the same date Techno had outstanding loans and overdrafts of £935,000 and hire purchase commitments of £52,000.

Mr K. H. Fischer, the principal shareholder of Techno, has entered into a three year service agreement with Metal Closures at £25,000 per year, and has been appointed to the board of Metal Closures. He will remain as managing director of Techno and has been appointed deputy chairman.

Seal Sands sold to U.S. group for $5.5m

The Hexcel Corporation announced in San Francisco that it had acquired all the outstanding shares of Seal Sands Chemical Company, a Teesside custom speciality chemical manufacturer. The stock and cash transaction totalled approximately $5.5m.

Mr Harvie M. Merrill, president and chairman of the board of Hexcel described the acquisition as "an important opportunity to complement our existing chemical operations. It establishes Hexcel as a manufacturer of speciality chemicals in Europe for the first time."

Seal Sands will operate as a wholly-owned subsidiary and the company will continue to employ its own management, production and other personnel. Hexcel is listed on the New York Stock Exchange.

L & G acquires 83% of U.S. life company Gelico

THE $140m bid by Legal and General Group for Government Employees Life Insurance Company (Gelico) of the U.S. has resulted in it acquiring 83 per cent of the share capital—consisting of 765,920 shares plus the 66 per cent holding of the parent GEICO Corporation. The offer of $30.75 cash for each common stock is being extended from today (October 21) to November 29.

The insurance superintendents of both the District of Columbia, in which the head office of Gelico is based, and New York must approve the deal. A hearing on the bid before the superintendent for the District of Columbia was scheduled to start yesterday and he has to rule within 30 days after the conclusion of the hearing.

Mr Peter Simon, chief investment manager of L and G, said in London that the time schedule for the bid was uncertain and this extension was not surprising. The company was satisfied with progress and did not foresee any problems.

CAMBRIAN AND GENERAL

Cambrian and General Securities, one of the City's long-established investment trusts, says it is expecting a third party to propose "a capital reconstruction."

It has advised shareholders to take no action pending a further announcement, which it has promised "as soon as possible."

Cambrian and General had total assets of £5.98m at September 30, 1980. It specialises in energy and mining investments, which together accounted on that date for 42 per cent of the total investment portfolio.

Major shareholders shown in the last directors' report included London and Manchester Assurance with 14.14 per cent, and London Trust with 7.36 per cent

British Sugar denies plan to bid for RHM

British Sugar has denied rumours that it is planning a bid for Ranks Hovis McDougall.

It said however, that as part of its future planning it had looked at a large number of companies, including RHM.

"We have not focused on any one option. We certainly have no current plans to make a bid," the company said when asked to comment.

TANKS BOARD SPURN SGB

Societe Generale de Belgique, through it subsidiary SGH, has now issued its formal offer for Tanks, which includes reference to the proposed merger of SGB and Union Miniere. The Board of Tanks, other than those directors representing the interests of SGB, has considered the relevant facts and the value of the underlying assets of Tanks, and is firmly of the opinion that the offer does not represent a full value for those assets.

A letter explaining the directors' views in detail will be despatched shortly.

RENONG TIN

The offer by Sparlstream Investments for Renong Tin Dredging is unconditional, and will close on November 12.

Sparlstream now owns 50.47 per cent of the voting rights of Renong.

SHARE STAKES

Beree Group—Hoare Govett and Co on October 19 bought 100,000 shares at 105p on behalf of Hanson Trust.

R. P. Martin and Co—P. J. Watling, director, through Sinjul Nominees, has acquired 6,750 shares making holding 256,509 (6.21 per cent). M. D. Phelan, director through Sinjul Nominees, has acquired 6,750 shares making holding 350,079 (8.48 per cent). Sinjul Nominees is a share account administered by Singer and Friedlander, which includes some of Mr Watling's and Mr Phelan's holdings.

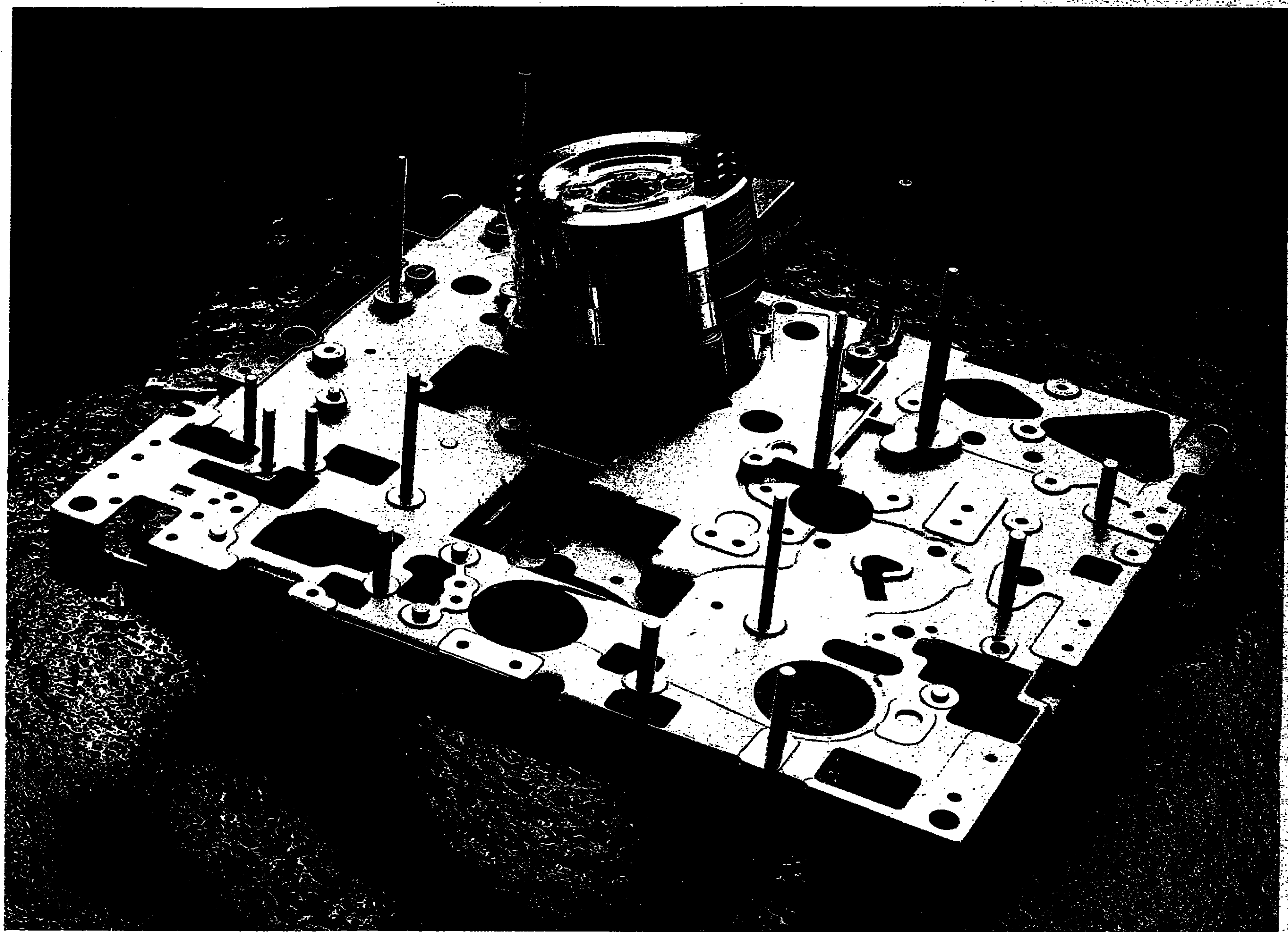
R. Green Properties—Throgmorton Street Nominees have acquired 78,000 shares making 1,349,330 (11.06 per cent).

General Scottish Trust—Courtaulds Pensions Common Investment Fund holds 1,675,000 ordinary (8.52 per cent).

Percy Bilton—NCB Staff Superannuation Fund, the Mineworkers' Pension Scheme and the Coal Industry Benevolent Trust have increased their holding to 9.13 per cent of the ordinary capital.

Carr's Milling Industries—Heygate and Sons has purchased 90,000 ordinary shares. With associates it now holds 1.01m (20.25 per cent).

The Survivor



Long before Panasonic introduced a home video recorder we realised that the most important feature should be lasting picture quality.

From our experience in audio electronics and TV studio equipment, we also knew that a video recorder is only as good as the chassis it's built on.

So we began by designing machines to shape metal to within-a-micron standard of accuracy. Then we selected an aluminium alloy offering long-term resistance to metal fatigue and environmental changes.

The high-precision die-cast chassis pictured here is a far cry from the flimsy, stamped-out units others have seen fit to use. It shrugs off environmental changes and ensures that the video cylinder makes optimum contact with the tape. A vital requirement in picture sharpness and stability.

Incidentally, the quartz-locked, direct-drive motor driving the video cylinder is a development from the one in our Technics professional turntables. Naturally, it offers similar near-perfect rotational accuracy.

Frankly though, despite all we've said, you'll see little or no difference in picture quality should you compare two brand new recorders.

Not at first, anyway. But the longer you own and use a Panasonic, the more obvious will the benefits of our uncompromising engineering standards become.

As Japan's biggest consumer electronics group, Matsushita Electric has produced over three million VHS units. In fact, VHS is the world's favourite videotaping system.

Which is something to bear in mind before making what is, for most of us, a very sizeable investment.

The NV-7200, Panasonic's latest home video recorder has 24-mode infrared remote control (including 12-channel direct selection), a 14-day, 4-programme timer, Cue and Review (press a button to scan a tape at nine times normal speed in either direction), half-speed and double-speed playback, still, still advance and Dolby* noise reduction.

*Trademark of Dolby Laboratories

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UK COMPANY NEWS

Hazel Duffy explains the back seat taken by Acrow's founder

Turnround specialist's tough tasks

THE APPOINTMENT of Mr Norman Cunningham as managing director and chief executive of the Acrow engineering group, to take effect from December 7, is significant for the group on two counts.

First, it represents the second attempt by Mr William de Vigier, the founder, chairman and managing director of Acrow, to relinquish his tight personal control over policy and management. Mr de Vigier, 68, made it clear yesterday that his appointee will have full control of day-to-day management while he will stay on as chairman.

Second, Mr Cunningham will be taking over the reins at a critical time for Acrow. Until 18 months ago, Acrow had been a *successful engineering concern* which Mr. de Vigier was always proud to announce had enjoyed an unbroken record of profit increases every year. The combination of the recession worldwide and the high value of the pound—Acrow exports 65 to 70 per cent of output—were enough to plunge the group into a £4.98m loss in the year to March 31 1981.

High interest rates have also had a significant impact on a *group, total net borrowings of* which in the 1980-81 balance sheet were about £40m.

The first six months of the current year must have been very difficult (the interim results will be announced next month). But Mr de Vigier forecast yesterday that Acrow would be profitable in the second half, although he was not prepared to say what this would mean for the year as a whole.

The current order book stands at £63.5m, the highest in Acrow's history, against £38.1m in 1980. The increase has come entirely from export orders, where the more recent fall in the sterling exchange rate against the dollar has been particularly helpful.

Mr Cunningham has gained some reputation for his ability to turn round companies which have been in trouble. He is presently managing director and chief executive of the UK subsidiary of Otis Elevator, which was making losses of £2m when he joined and is now profitable.

His previous experience includes a three-year spell with British Paints, which was also making losses until he merged it with Berger Jensen and Nicholson. He was reticent yesterday about his plans for Acrow, but admitted that there is "a lot of work to be done." It is clear, however, that he has been brought in to give new direction to the group.

Mr de Vigier mentioned two divisions that are particularly troublesome—Acrow (Automation), which provides storage systems and is entirely dependent on the home market, and Adamson and Hatchett, process plant engineers which are also *suffering from the dearth of* domestic orders. Coles Cranes, the largest crane maker in Europe, and Priestman, also a crane maker, are said to be "busy."

Mr de Vigier arrived in Britain from Switzerland in 1935. He built up Acrow (named after a Mr A. Crow who was the solicitor at the time of its formation) into a group which now has a turnover of nearly £150m, always running it in his own highly personalised style.

It was typical of this style that before announcing Mr Cunningham's appointment yesterday, he also announced that it was his 42nd wedding anniversary, and that the venue for another of his "world conventions," at which all Acrow products are on display, has been fixed for Kempton Park next summer. The convention has already had a "tremendous response" from overseas, said Mr De Vigier, and it will "help to dispel some of the gloom in this country."

Mr Cunningham, who is 54, appears to have no qualms about adapting to the style of his chairman, who says he is "delighted to be handing over to a younger man." Mr de Vigier has always made great play about the togetherness of Acrow employees, and addressed a recent letter to all employees as "my fellow workers," to launch a "lick our competitors" drive.

Trevor Humphries

Mr Norman Cunningham, Acrow's new group managing director and chief executive at yesterday's Press conference.

The job of managing director, however, has not been easy to fill. Mr de Vigier appointed Mr Bill Jack from Coles Cranes to the post in 1976, but he left three years later. The chairman then assumed the executive reins again, while making three senior executives his deputy managing directors, one of whom was supposed to emerge as the top man. None, however, seems to have had all the necessary qualities, and Mr de Vigier went outside to find his man.

The challenge that he has decided to take on must depend to a large extent on an improvement in the activity levels of Acrow's customers, particularly in construction. It is unlikely that he will be able to think in expansionist terms for several years, while there is a need for investment to be put on a sound basis.

Two years ago Acrow nearly bought Aveling Barford, the BL-owned construction equipment group, a deal which would almost certainly have sunk Acrow if it had been finalised. Last year Acrow commissioned a £1.5m steel tube mill in Saffron Walden, Essex, which had been planned two years earlier but by the time it opened faced a very depressed market for its product.

Hampton Crp 'impressed' with Stoddard set-up

Hampton Corporation, a Panamanian investment organisation, yesterday failed to carry out its promised attack on the board of Stoddard Holdings at the annual meeting.

Hampton owns 12.87 per cent of voting share capital—or 0.88 per cent of total equity capital—in Stoddard, one of the UK's largest carpet makers. In August Hampton proposed to try and throw out the Stoddard board as well as its auditors. It also wanted to query the merger this year of Stoddard with the Guthrie Corporation's Scottish Carpet subsidiary at the meeting.

Yesterday, however, Sir Robert Maclean, the company's chairman, said that following a visit by Mr Shepherd Key of Hampton to Stoddard Carpet works, the company received a letter from the Corporation expressing full support for the Scottish-based company's directors.

Hampton was "impressed with the operation of Stoddard," according to Sir Robert. "I believe I am right in saying that the feeling between your company and Hampton is now cordial and close. In my view it should remain so," he said.

Stoddard Holdings reported a loss of £1.87m before tax for the first 10 months to March 31.

Sir Robert said the results were not indicative of the trading potential of the new group. The Stoddard board predicted that at the end of the current fiscal year the group would once again be making profits.

LONDON TRADED OPTIONS

Oct. 20. Total Contracts 2,325. Calls 1,993. Puts 332

Option	Ex'rcise price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP (c)	240	60	67	70	—	76	—	298p
BP (c)	260	40	8	54	6	62	—	"
BP (c)	280	20	8	38	5	44	—	"
BP (c)	300	4	421	24	15	34	—	"
BP (c)	320	1	—	16	11	—	—	"
BP (c)	330	—	—	—	—	17	10	"
BP (c)	350	½	3	7	22	—	—	"
BP (p)	260	¾	—	6	3	9	—	"
BP (p)	280	1	15	11	4	14	—	"
BP (p)	300	6	20	18	—	22	—	"
BP (p)	320	22	62	24	21	—	—	"
BP (p)	330	—	—	—	—	44	10	"
CU (c)	130	7	50	16	—	21	—	133p
CU (c)	140	2	8	9	—	16	5	"
CU (c)	160	¾	—	5	—	9	3	"
Cons. Gld (c)	500	2	36	35	17	50	2	490p
Cons. Gld (p)	500	15	2	37	—	45	—	"
Court'lds (c)	60	½	6	2½	14	5	1	62p
Court'lds (c)	80	¼	10	1	—	—	—	"
GEC (c)	600	92	1	—	—	—	—	689p
GEC (c)	650	42	14	75	—	100	—	"
GEC (c)	700	3	44	45	—	70	—	"
GEC (c)	800	¼	3	12	—	28	—	"
Gr'd Met. (c)	160	3	65	18	44	28	—	161p
Gr'd Met. (c)	180	½	—	10	3	26	20	"
Gr'd Met. (c)	200	½	30	7	—	18	—	"
Gr'd Met. (c)	220	½	20	4	4	12	6	"
Gr'd Met. (p)	160	3	32	13	32	19	—	"
Gr'd Met. (p)	180	21	33	25	3	29	—	"
ICI (c)	240	20	20	34	2	38	—	258p
ICI (c)	260	4	41	19	14	28	—	"
ICI (c)	280	1	3	12	26	20	—	"
ICI (c)	300	⅛	6	8	—	15	—	"
ICI (c)	330	¼	25	2½	—	—	—	"
ICI (p)	260	4	31	20	8	24	—	"
Land Sec.(c)	260	26	—	36	1	48	—	285p
Land Sec. (c)	288	3	—	22	10	—	—	"
Mks & Sp (c)	100	11	—	18	—	22	1	111p
Mks & Sp (c)	110	2	310	10	10	13½	—	"
Mks & Sp (c)	120	½	12	6	—	10	10	"
Mks & Sp (c)	130	¼	—	2½	—	7	2	"
Mks & Sp (c)	140	¼	6	1	—	4	10	"
Shell (c)	300	50	10	68	23	80	—	348p
Shell (c)	330	20	4	46	27	54	—	"
Shell (c)	360	2	—	23	41	34	—	"
Shell (c)	390	1	1	11	3	15	—	"
Shell (c)	420	1	1	5	—	6	—	"
Shell (p)	330	2	—	9	7	18	2	"
Shell (p)	360	16	—	20	7	26	4	"
Shell (p)	390	44	1	46	1	48	—	"
		November		February		May		
Barclays (c)	360	55	1	—	—	—	—	408p
Imperial (c)	60	4	—	4½	—	6	10	60p
Lasmo (c)	500	27	5	54	3	70	—	492p
Lasmo (c)	550	14	—	32	—	42	2	"
Lonrho (c)	70	6	—	9	5	10	52	71p
Lonrho (c)	80	1½	—	4⅛	8	7	3	"
Lonrho (p)	70	3⅛	—	6⅛	5	9	4	"
Lonrho (p)	80	9	—	13	3	16	—	"
P & O (c)	90	11	18	14½	—	17⅛	—	98p
P & O (c)	100	5	4	8⅛	243	12	—	"
Racal (c)	420	12	3	26	—	42	—	400p
Racal (c)	460	3	—	15	1	25	—	"
Racal (p)	390	15	2	25	2	32	—	"
Racal (p)	420	32	7	40	6	45	—	"
Racal (p)	460	60	4	63	—	65	—	"
RTZ (c)	460	37	14	62	1	80	—	474p
RTZ (c)	500	17	11	42	—	60	—	"
RTZ (c)	550	10	1	30	—	40	4	"
RTZ (c)	600	4	—	15	5	25	—	"
RTZ (p)	460	15	—	20	1	25	—	"

C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	15½%	■ Guinness Mahon	15½%
Allied Irish Bank	15½%	■ Hambros Bank	15½%
American Express Bk.	15½%	Heritable & Gen. Trust	15½%
Amro Bank	15½%	■ Hill Samuel	§15½%
Henry Ansbacher	15½%	C. Hoare & Co.	†15½%
■ Arbuthnot Latham	15½%	Hongkong & Shanghai	15½%
Associates Cap. Corp.	16 %	Knowsley & Co. Ltd.	16½%
Banco de Bilbao	15½%	Langris Trust Ltd.	16 %
BCCI	16 %	Lloyds Bank	15½%
Bank of Cyprus	15½%	Mallinhall Limited	15½%
Bank of N.S.W.	16 %	Edward Manson & Co.	17 %
Banque Belge Ltd.	16 %	Midland Bank	15½%
Banque du Rhone et de la Tamise S.A.	16 %	■ Samuel Montagu	15½%
Barclays Bank	15½%	■ Morgan Grenfell	16 %
Beneficial Trust Ltd.	17 %	National Westminster	15½%
Bremar Holdings Ltd.	16½%	Norwich General Trust	15½%
Bristol & West Invest.	17 %	P. S. Refson & Co.	15½%
Brit. Bank of Mid. East	15½%	Slavenburg's Bank	15½%
■ Brown Shipley	16 %	E. S. Schwab	17 %
Canada Perm't Trust	16 %	Standard Chartered	‖15½%
Cayzer Ltd.	16 %	Trade Dev. Bank	15½%
Cedar Holdings	16 %	Trustee Savings Bank	15 %
■ Charterhouse Japhet	16 %	TCB Ltd.	15½%
Choulartons	16 %	United Bank of Kuwait	15½%
Citibank Savings	¶15 %	Whiteaway Laidlaw	16 %
Clydesdale Bank	15½%	Williams & Glyn's	15½%
C. E. Coates	16 %	Wintrust Secs. Ltd.	15½%
Consolidated Credits	16 %	Yorkshire Bank	15½%
Co-operative Bank	*15½%		
Corinthian Secs.	15½%		
The Cyprus Popular Bk.	15½%		
Duncan Lawrie	15½%		
Eagil Trust	15½%		
E. T. Trust Limited	15 %		
First Nat. Fin. Corp.	17 %		
First Nat. Secs. Ltd.	17 %		
Robert Fraser	16 %		
Antony Gibbs	15½%		
Grindlays Bank	‡15½%		

■ Members of the Accepting Houses Committee.

* 7-day deposits 14%, 1-month 14.25%. Short term £8,000/12 months 16.60%.

† 7-day deposits on sums of £10,000 and under 13½%, up to £50,000 14% and over £50,000 14½%.

‡ Call deposits £1,000 and over 13½%.

§ Demand deposits 14%.

‖ 21-day deposits over £1,000 15%.

¶ Mortgage base rate.

Companies and Markets

CURRENCIES, MONEY and GOLD

Sterling falls

Sterling lost ground in currencies markets yesterday in reaction to September's UK trade figures. These showed a visible surplus of just £13m which was some way below general expectations. Trading was a little nervous before the announcement and the Bank of England intervened from time to time in an effort to smooth the market.

The dollar showed a slightly firmer tendency, finishing close to its best level of the day. U.S. domestic rates remained firm while Euro-dollar rates were unchanged on balance.

The Danish krone remained the most improved currency within the European Monetary System yesterday, slightly ahead of the French with the latter currency showing little reaction to further reductions in domestic interest rates. The D-mark was placed as the weakest member of the system but remained within its divergence limit.

STERLING—trade weighted index (Bank of England) fell to 87.3 from 88.0, having stood at 87.6 at noon and 87.7 in the morning. Against the dollar sterling opened at $1.8440 and started to lose ground steadily so that by noon it was quoted around $1.8350. Soon after it touched $1.8280 and the Bank probably gave support around this time as the rate soon popped back to $1.8325. This was before the trade figures were known and after the announcement sterling fell away, with the Bank probably still intervening from time to time. The pound closed at its worst level of the day at $1.8190-1.8210, a fall of 2.1c. Against the D-mark it fell to DM 4.0750 from DM 4.1125 and SwFr 3.4050 from SwFr 3.4300.

DOLLAR—trade weighted index (Bank of England) rose to 108.3 from 108.2. Against the D-mark the dollar closed at DM 2.2365, up from DM 2.2325 on Monday and SwFr 1.8710 from SwFr 1.8625 against the Swiss franc. The U.S. unit was also firmer against the Japanese yen at Y232.75 from Y232.25.

D-MARK—Weakest member of the European Monetary System following the recent currency realignment. This should allow the D-mark room to improve against the dollar without putting too much strain on member currencies. Although stronger than a month ago the D-mark has shown little improvement just recently, reflecting not only high U.S. interest rates, but a less favourable economic outlook for Germany next year. Inflation continues to rise and the latest GNP projections have been revised downwards—Trading was rather dull in Frankfurt yesterday. The dollar slipped to DM 2.2278 from DM 2.2384 on Monday and there was no intervention by the Bundesbank. The dollar was reacting to a slightly softer tone in U.S. interest rates and there was little else to influence trading. Sterling fell to DM 4.0890 from DM 4.1190 and the Swiss franc to DM 1.1949 from DM 1.1952. Within the EMS the French franc was marginally weaker at DM 39.87 per FFr 100 from DM 39.88.

DANISH KRONE — Close to the top of the EMS and steady against the dollar, helped by Denmark's narrowing trade deficit and lower inflation rate. Its current position reflects the recent EMS currency realignment and it may ease should the D-mark and Dutch guilder start to re-assert previous strength — The krone was mostly firmer at yesterday's fixing in Copenhagen. The dollar fell to Dkr 7.16 from DKr 7.2025 and sterling slipped to DKr 13.1550 from DKr 13.2500. Within the EMS, the French franc was lower at DKr 1.2825 from DKr 1.2840 while the D-mark recovered slightly to DKr 3.2160 from DKr 3.2155.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU October 20	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	40.7572	40.7094	−0.12	−0.12	±1.5368
Danish Krone ...	7.91117	7.81911	−1.16	−1.16	±1.6412
German D-Mark	2.40989	2.43339	+0.98	+0.98	±1.1077
French Franc ..	6.17443	6.10388	−1.15	−1.15	±1.3733
Dutch Guilder ...	2.66382	2.68592	+0.83	+0.83	±1.5063
Irish Punt	0.684452	0.686971	+0.37	+0.37	±1.6688
Italian Lira	1300.67	1295.45	−0.40	−0.40	±4.1229

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times. Sterling/ECU rate for October 20 — 0.595737

THE DOLLAR SPOT AND FORWARD

Oct 20	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8190-1.8440	1.8190-1.8210	0.05c pm-0.04 dis	0.07	0.05-0.15dis	−0.22
Ireland†	1.5870-1.5920	1.5890-1.5920	0.25-0.18c pm	1.66	0.75-0.60 pm	1.70
Canada	1.2003-1.2017	1.2014-1.2017	0.31-0.36c dis	−3.35	0.72-0.77dis	−2.48
Nethlnd.	2.4550-2.4635	2.4600-2.4630	0.67-0.57c pm	3.03	2.19-2.09 pm	3.48
Belgium	37.23-37.39	37.37-37.39	4-7c dis	−1.77	28-30 dis	−3.00
Denmark	7.1600-7.1690	7.1500-7.1600	0.60-0.85ore dis	−1.21	1.00-1.50dis	−0.70
W. Ger.	2.2190-2.2375	2.2360-2.2370	0.89-0.84pf pm	4.64	2.73-2.68 pm	4.84
Portugal	64.10-64.65	64.20-64.45	45-200c dis	−22.88	65-345 dis	−12.76
Spain	95.40-95.76	95.71-95.76	7-15c dis	−1.38	25-45 dis	−1.46
Italy	1185.5-1187.25	1185.75-1186.75	3-5lire dis	−4.05	14-17 dis	−5.23
Norway	5.9075-5.9180	5.9100-5.9150	1.60-1.20ore pm	2.84	3.80-3.20 pm	2.30
France	5.5750-5.6050	5.6000-5.6050	0.80-1.15c dis	−2.09	2.80-3.30dis	−2.18
Sweden	5.5130-5.5270	5.5130-5.5180	1.20-1.05ore pm	2.45	4.95-4.80 pm	3.53
Japan	231.25-233.00	232.70-232.80	1.90-1.75y pm	9.41	5.80-4.85 pm	8.66
Austria	15.55-15.64½	15.63½-15.64½	6.50-5.25gro pm	4.51	15.75-12.75pm	3.65
Switz.	1.8550-1.8725	1.8705-1.8715	0.76-0.66c pm	4.56	2.42-2.32 pm	5.07

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

THE POUND SPOT AND FORWARD

Oct 20	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8190-1.8440	1.8190-1.8210	0.05c pm-0.04 dis	0.07	0.05-0.15dis	−0.22
Canada	2.1850-2.2110	2.1855-2.1875	0.50-0.60c dis	−3.02	1.40-1.60dis	−2.74
Nethlnd.	4.48-4.53	4.48½-4.49½	1¼-¾c pm	2.67	3¾-3¼ pm	3.12
Belgium	67.90-68.70	68.00-68.10	8-16c dis	−2.29	50-60 dis	−3.38
Denmark	13.05-13.16	13.05-13.07	¾-1¾ore dis	−1.03	2½-3¾ dis	−0.94
Ireland	1.1500-1.1600	1.1505-1.1525	0.10-0.20p dis	−1.57	0.48-0.63dis	−1.94
W. Ger.	4.06-4.11	4.07-4.08	1⅞-1⅝pf pm	4.79	4⅞-4⅝ pm	4.54
Portugal	116.75-118.00	117.00-117.50	75-375c dis	−23.03	125-645dis	−13.35
Spain	174.00-176.00	174.10-174.40	par-30 dis	−1.03	50-85 dis	−1.55
Italy	2159-2182	2159-2161	7½-10½lire dis	−5.00	29-33 dis	−5.74
Norway	10.75-10.88	10.75-10.77	3¼-2½ore pm	3.09	6½-5 pm	2.14
France	10.19-10.26	10.19-10.20	¾-1½c dis	−1.47	4¾-5¾ dis	−1.96
Sweden	10.06-10.16	10.06-10.08	2⅞-1⅞ore pm	2.53	8¾-7⅞ pm	3.28
Japan	422-428	423-424	3.50-3.20y pm	9.50	9.00-8.70 pm	8.38
Austria	28.40-28.70	28.40-28.45	13-8gro pm	4.48	24½-14½ pm	2.76
Switz.	3.39-3.44	3.40-3.41	1⅝-1⅜c pm	4.85	4⅝-4⅜ pm	5.14

Belgian rate is for convertible francs. Financial franc 74.65-74.75. Six-month forward dollar 0.50-0.60c dis, 12-month 1.10-1.30c dis.

CURRENCY MOVEMENTS

Oct. 20	Bank of England Index	Morgan Guaranty Changes%
Sterling	87.3	−36.1
U.S. dollar	108.3	+2.4
Canadian dollar	87.6	−17.1
Austrian schilling	118.9	+25.7
Belgian franc	107.5	+10.3
Danish kroner	94.0	−7.8
Deutsche mark	124.1	+44.6
Swiss franc	148.8	+97.2
Guilder	114.8	+19.6
French franc	82.7	−12.9
Lira	56.6	−57.0
Yen	136.5	+51.5

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Oct. 19	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.627665	0.592063
U.S. $	14	1.15459	1.08940
Canadian $	18.31	1.38759	1.30967
Austria Sch.	6¾	18.0982	17.0381
Belgian F.	13	43.2278	40.7624
Danish K.	11	8.31893	7.82730
D-mark	7½	2.58443	2.43643
Guilder	9	2.84953	2.68776
French Fr.	9½	6.47667	6.11042
Lira	19	1373.96	1296.38
Yen	6¼	267.403	253.121
Norwgn. Kr.	9	6.86692	6.47101
Spanish Pts.	8	110.610	104.301
Swedish Kr.	11	6.38142	6.02980
Swiss Fr.	6	1.00987	2.03445
Greek Dr'ch.	20½	—	61.5399

OTHER CURRENCIES

Oct. 20	£	$		£ Note Rates
Argentina Peso†	11,077-11,097	6057-6077	Austria	28.50-28.80
Australia Dollar	1.5975-1.6015	0.8757-0.8761	Belgium	74.25-75.25
Brazil Cruzeiro	204.98-205.98	112.16-112.72	Denmark	13.06-13.21
Finland Markka	8.0234-8.0337	4.3990-4.4010	France	10.19-10.34
Greek Drachma	101.814-104.951	56.05-56.36	Germany	4.06¼-4.11¼
Hong Kong Dollar	10.92½-10.93½	5.9800-5.9850	Italy	2150-2235
Iran Rial	146.50*	79.75*	Japan	425-430
Kuwait Dinar (KD)	0.515-0.521	0.2820-0.2826	Netherlands	4.48¼-4.53¼
Luxembourg Fr.	68.00-68.10	37.37-37.39	Norway	10.77-10.89
Malaysia Dollar	4.1680-4.1780	2.2820-2.2840	Portugal	116-129
New Zealand Dlr.	2.2190-2.2240	1.2158-1.2173	Spain	171.70-183.45
Saudi Arab. Riyal	6.25-6.31	3.4190-3.4210	Sweden	10.08-10.18
Singapore Dollar	3.81-3.83	2.0860-2.0880	Switzerland	3.40-3.44
Sth. African Rand	1.7470-1.7490	0.9600-0.9610	United States	1.82-1.84
U.A.E. Dirham	6.72-6.78	3.6710-3.6740	Yugoslavia	79-82

† Rate given for Argentine is the commercial rate. The financial rate for sterling 15,021-15,041 and for the dollar 8,200-8,250. *Selling rate.

EXCHANGE CROSS RATES

Oct. 20	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canadia Dollar	Belgian Franc
Pound Sterling	1.	1.820	4.075	423.5	10.20	3.405	4.490	2160.	2.187	68.05
U.S. Dollar	0.549	1.	2.239	232.7	5.602	1.871	2.467	1187.	1.231	37.39
Deutschemark	0.245	0.447	1.	103.9	2.502	0.836	1.102	530.1	0.507	167.0
Japanese Yen 1,000	2.361	4.298	9.622	1000.	24.07	8.040	10.60	5100.	5.163	160.7
French Franc 10	0.981	1.785	3.997	415.4	10.	3.340	4.404	2119.	2.145	66.75
Swiss Franc	0.294	0.535	1.197	124.4	2.994	1.	1.319	634.4	0.642	19.99
Dutch Guilder	0.223	0.405	0.908	94.32	2.271	0.758	1.	481.1	0.487	15.16
Italian Lira 1,000	0.463	0.843	1.887	196.1	4.720	1.576	2.079	1000.	1.012	31.50
Canadian Dollar	0.457	0.832	1.864	193.7	4.663	1.557	2.054	987.9	1.	31.12
Belgian Franc 100	1.470	2.675	5.988	622.3	14.98	5.004	6.598	3174.	3.213	100

FT LONDON INTERBANK FIXING (11.00 a.m. OCTOBER 20)

3 months U.S. dollars		6 months U.S. dollars	
bid 16 1/8	offer 16 1/4	bid 16 7/16	offer 16 9/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Oct. 20	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	15⅛-15¾	15-15¼	17-18	12⅝-12⅞	7-7½	10¾-10⅞	16-17	16½-19	13½-15	5¾-6¼
7 days' notice	15¾-16	15¼-15½	17-18	12⅝-12⅞	7¾-8¼	10⅞-11	16-17	18-20½	15½-19½	6¼-6½
Month	15⅞-16	15 5/16-15 7/16	18½-18⅞	12⅝-12¾	11-11⅛	11-11⅛	16¼-18	19¾-21½	18¼-19⅝	6¾-7
Three months	16⅛-16¼	16 1/16-16 3/16	18⅝-19	12⅝-12¾	10 15/16-11 1/16	11 1/16-11 3/16	17¾-18⅛	21½-22¼	19½-20⅛	7⅜-7⅝
Six months	16 1/16-16 3/16	16 1/16-16 3/16	18⅝-19	12 7/16-12 9/16	10⅞-11	11 1/16-11 3/16	18⅝-18⅞	22¼-23¼	19⅝-19⅞	7½-7¾
One Year	15¾-15⅞	16⅜-16⅝	18⅝-19	12¼-12⅝	10 7/16-10 9/16	11-11⅛	18½-19½	22¼-23⅛	18-18½	7⅞-8⅛

SDR linked deposits: one-month 13 11/16-14 1/16 per cent; three-months 14 3/16-14 9/16 per cent; six-months 14 7/16-14 13/16 per cent; one year 14 7/16-14 13/16 per cent.
ECU linked deposits: one-month 14 5/16-14 11/16 per cent; three-months 14 13/16-15 3/16 per cent; six-months 15-15⅜ per cent; one year 14⅞-15¼ per cent.
Asian $ (closing rates in Singapore): one-month 15½-15⅝ per cent; three-months 16⅛-16¼ per cent; six-months 16⅜-16½ per cent; one year 16⅜-16½ per cent.
Long-term Euro-dollar two years 16½-16¾ per cent; three years 16⅝-16⅞ per cent; four years 16¾-17 per cent; five years 16⅞-17⅛ per cent nominal closing rates.
The following nominal rates were quoted for London dollar certificates of deposit: one-month 15.25-15.35 per cent; three-months 15.65-15.75 per cent; six-months 16.00-16.10 per cent; one year 16.00-16.10 per cent.

MONEY MARKETS

Further shortage

London clearing banks base lending rates 15½ per cent (since October 15)

Day to day credit was in short supply in the London money market yesterday. The main factor draining funds from the market was the unwinding of Monday's sale and repurchase agreements involving −£180m. This was partly offset by Exchequer transactions +£75m. The Bank of England indicated a shortage of around £100m and gave assistance during the morning totalling £120m. This comprised another sale and repurchase agreement, with the Bank buying £120m of bills for resale to the market on October 28. The rate of interest ranged between 15¼ per cent and 15½ per cent. There was no further assistance from the Bank during the afternoon.

Discount houses were paying up to 15¼ per cent for secured call loans in the morning. After the Bank had given assistance, rates fell right away towards the end of the day although by this time houses had balanced their books and the cheapest funds obtained were around 13½ per cent.

In the interbank market overnight money finished at 2-4 per cent having opened at 15½-15¾ per cent. Rates eased gently during the day to 14-14½ per cent but came back briefly to 15 per cent before falling away at the close. Period rates reflected a rather dull market and were mostly unchanged from Monday.

In Paris the Bank of France cut its money market intervention rate to 16 per cent from 16½ per cent when it bought first category paper yesterday. This follows a cut earlier in the day in the call money rate to 16¾ per cent from 17 per cent. Call money is now at its lowest level since mid-May, having touched a peak of 20 per cent in June as part of a package designed to support the French franc. Since the realignment of currencies within the European Monetary System however, pressure has eased on the franc, allowing the authorities to reduce interest rates. In the money market longer term rates also took a downward turn with one-month money at 16¼ per cent against 16½ per cent and three-month at 16⅛ per cent compared with 16¼ per cent. Yesterday's bill purchases by the Bank totalled FFr 19bn, maturing between October 24 and 31.

In Frankfurt call money was quoted at 11.05 per cent unchanged from Monday while longer term rates showed a mixed tendency. The special Lombard rate facility remained open at 11 per cent.

GOLD

Little change

Trading was again very quiet in the London bullion market yesterday. Gold closed at $436-$438 compared with an opening level of $437-438 and just $1 an ounce higher than Monday's close of $435-437. There was little to influence the market with the U.S. dollar hardly changed and U.S. interest rates showing no clear trend.

In Paris the 12½ kilo bar was fixed at FFr 82,000 per kilo ($456.66 per ounce) in the afternoon compared with FFr 83,000 ($462.23) in the morning and FFr 82,600 ($457.99) on Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 31,435 per kilo ($439.01 per ounce) against DM 31,740 ($441.03) previously and closed at $436½-437½ from $435-436½.

In Luxembourg the dollar per ounce equivalent of the 12½ kilo bar was $437.25 compared with $441.10.

In Zurich gold finished at $436-439 against $434-437.

	Oct. 20		Oct. 19	
Gold Bullion (fine ounce)				
Close	$436-438	(£239-240)	$435-437	(£236-237)
Opening	$437-438	(£237½-238½)	$441¾-442¾	(£240-240½)
Morning fixing	$437.20	(£238.126)	$440.75	(£239.278)
Afternoon fixing	$437.30	(£238.631)	$436.70	(£237.456)
Gold Coins				
Krugerrand	$450-451	(£246¼-247)	$450-451	(£244¼-245)
1/2 Krugerrand	$231½-232½	(£126¾-127¼)	$231½-232½	(£125¾-126¼)
1/4 Krugerrand	$118-119	(£64½-65¼)	$118-119	(£64-64½)
1/10 Krugerrand	$48¼-49¼	(£26½-27)	$48-49	(£26-26½)
Mapleleaf	$450-453	(£246¼-248)	$450-453	(£244¼-246)
New Sovereigns	$106½-107¼	(£58¼-58¾)	$105¾-107½	(£58-58½)
King Sovereigns	$121-123	(£66-67)	$120-122	(£65-66)
Victoria Sovs	$121-123	(£66-67)	$120-122	(£65-66)
French 20s	$123-127	(£67¼-69½)	$123-127	(£66¾-69)
50 pesos Mexico	$539-542	(£295-296¾)	$541-544	(£293¾-295½)
100 Cor. Austria	$420-423	(£230-231½)	$422-425	(£229¼-230¾)
$20 Eagles	$595-600	(£325¾-328½)	$594-599	(£323½-325¼)

MONEY RATES

NEW YORK

Prime rate	18
Fed. funds	15½-16
Treasury bills (13-week)	13.38
Treasury bills (26-week)	13.68

GERMANY

Special Lombard	11.0
Overnight rate	11.05
One month	11.475
Three months	11.575
Six months	11.325

FRANCE

Intervention rate	16
Overnight rate	16.75
One month	16.25
Three months	16.125
Six months	15.625

JAPAN

Discount rate	6.25
Call (unconditional)	6.9375
Bill discount (three-month)	7.40625

LONDON MONEY RATES

Oct. 20 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	2-16⅝	16¼	—	—	16¼	13½-15¼	—	—	—
2 days notice	—	—	15¾	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	15⅛-15⅞	15¾	—	15¾	16⅛	15-15¼	—	—	—
One month	16-15⅞	15 13/16-16 1/16	15 13/16-16	16⅛-16⅛	16	16⅛	15¼	15⅝-15½	15 13/16-15¾	16¼
Two months	16⅛-16	16-16 1/16	—	16⅛-16⅛	16⅛	—	15¼	15 11/16-15⅝	15¾	16⅜
Three months	16⅛-16	16⅛-16¼	15⅞-16	16⅛-16⅛	16¼	—	15⅝	15 7/16	15⅛-15 3/16	16⅛
Six months	16⅛-15 15/16	16-16 3/16	15¾-15⅞	15¾-15⅝	16¼	—	—	—	15	15⅞
Nine months	16-15⅞	15 15/16-16⅛	—	16¼-16	16⅛	—	—	—	—	—
One year	15⅞-15¾	15 15/16-16	15¾-15¾	16-15¾	16	—	—	—	—	—
Two years	—	—	15⅛-15⅝	—	—	—	—	—	—	—

Local authorities and finance seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 15½-15¾ per cent; four years 15½-15¾ per cent; five years 15¾ per cent. ⊕Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 15⅝ per cent; four-month trade bills 16 per cent.

Approximate selling rate for one-month Treasury bills 15¾ per cent; two-months 15 9/16-15½ per cent; three-months 15 5/16 per cent. Approximate selling rate for one-month bank bills 15⅝ per cent; two-months 15 9/32-15½ per cent; and three-months 15 7/16-15 15/32 per cent; one-month trade bills 16 per cent; two-months 15 15/16 per cent; three-months 15⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association): 14½ per cent from October 1 1981. Clearing Bank Deposit Rates for sums at seven days' notice 14 per cent. Clearing Bank Rates for lending 15½ per cent. Treasury Bills: Average tender rate of discount 15.3449 per cent.

Citicorp continues to feel effects of interest rates

BY DAVID LASCELLES IN NEW YORK

TWO large New York banks, Citicorp and Manufacturers Hanover, indicated in the earnings results yesterday that high interest rates continue to take a toll on their business.

Earnings at Citicorp, the largest banking group in the U.S., declined by 11 per cent in the third quarter compared with the same period last year, marking its second consecutive decline and its third in the past 12 months. The bank yesterday blamed the fall on "the continuing impact of high and volatile interest rates, particularly in the U.S." Income before securities transactions was $135m, or $1.07 a share, down from $151m, or $1.21, in last year's third quarter. For the nine months, profits were down from $411m to $338m, or from $3.31 a share to $2.68.

The "spread" on interest rates narrowed to 2.51 per cent. But Citicorp noted that the spread had widened from 2.21 per cent in the first quarter of this year because of improvements in the structure of the bank's balance-sheet—which had been heavily weighted towards fixed rate, low-yielding loans — and changes in New York law which has allowed banks to raise charges on consumer loans.

Citicorp's credit card business continued to be a money loser, but fees and commissions were up.

Manufacturers Hanover, the fourth largest bank in the U.S., increased earnings by 22 per cent, mainly because of an increase in net interest income and the proceeds from the sale of the bank's headquarters on Park Avenue. Against this, though, the bank had higher operating expenses and substantially larger loan loss provisions.

Net income before securities transactions was $70.6m, or $2.10 a share, compared with $58m, or $1.74 in the same period last year. The gain from the building sale was $82.8m, which suggests that the bank's earnings would have been down quite sharply if it had not been included. After nine months profits were $1.85.6m against $170.7m, or $5.52 a share compared with $5.13.

Net interest income was $319m, an increase of 16 per cent, which the bank attributed to higher loan volume. The margin between rates earned and the cost of funds narrowed. ...NO 31...8/8½...

● American Express, the financial and travel services company whihc includes Shearson Loeb Rhoades, the Wall Street brokerage house, lifted its third quarter profit from $129m to $145m on revenues ahead by $200m to $1.8bn. Per share profits were $1.56 against $1.45.

After nine months profits $46m higher at $386m and revenues $5.2bn against $4.7bn. Earnings per share were $4.17 compared with $3.83. The June 29 acquisition of Shearson is reflected in all figures.

$100m issue for French agency

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

FRANCE'S mineral stockpiling body, the Caisse Francaise des Matieres Premieres, yesterday launched a $100m, 16¾ per cent bond issue through Credit Commercial de France.

The issue, which is state-guaranteed, follows closely the structure of the recent highly successful issue for the Municipal Finance Authority of British Columbia. Bondholders can request redemption at par from the borrower every three years, while the borrower can change the coupon on the bonds at the same interval.

Although the issue has a final maturity in 1996, it is thus in practice a three-year issue which will be rolled over until then. The coupon, which seems low for a 15-year issue, is in fact generous for a three-year bond.

Dealers commented yesterday that the French Treasury seems to be bowing to the fact that French names have lost their premium rating in the Eurobond market.

This is the second issue in as many weeks to offer a relatively low coupon offset by an unusual structure to make the bonds more attractive. The other was the $100m, 16 per cent issue for Banque Francaise du Commerce Exterieur which was well received, basically because of the inclusion of warrants.

The European railway stock financing company, Eurofima, is raising DM 100m through a 10-year, 10¼ per cent bond priced at par and led by Deutsche Bank.

In Switzerland New Zealand has achieved a 7½ per cent coupon and issue price par for its 10-year SwFr 100m bond issue led by Swiss Bank Corporation.

Elsewhere, Credit National of France announced a KD 7m, 10-year issued led by Kuwait Investment Company and Banque de Paris et des Pays-Bas. Indicated yield is 11¾ per cent.

The World Bank is to float a $500m issue on the New York market. The issue is divided into two $250m-tranches, one of five years and one of 10 priced at a premium of about 80 to 85 points and 110 to 115 points over the equivalent U.S. Treasury bond yields.

Burroughs reduces offer for Memorex

By Our Financial Staff

BURROUGHS, the business equipment manufacturer, has reduced its offer for Memorex, the computer memory company, from $14.50 to $14 a share, valuing the Santa Clara-based concern at $102.2m.

The board of Memorex has agreed to recommend the reduced offer to shareholders and definitive agreement is expected within a few days. Agreement has also been reached on a restructing of Memorex's debt on a basis acceptable to Burroughs.

The announcement came hard on the heels of news of a further loss at Memorex in the third quarter of this year of $2.3m, or 46 cents a share, compared with a loss of $5.6m a year ago. This brought the nine-month loss to $33.8m or $5.10, against a loss of $26.2m last year. Sales for the nine months edged forward from $560.5m to $582.5m.

In fiscal 1980, Memorex recorded a loss of $29m or $4.43 a share, and a further loss for fiscal 1981 was regarded as inevitable.

● Storage Technology, which a year ago offered to buy out Memorex for $200m but had its bid rejected, yesterday announced a sharp increase in profits in the third quarter to $23.1m from $12.1m.

At the nine months stage, Storage Technology, a computer company from Colorado, shows earnings of $50.4m or $1.61 a share, against $31.4m on sales ahead from $418.5m to $643.9m.

Alcan's income halved in third quarter

By Robert Gibbens in Montreal

WEAKENING world demand and strong upward cost pressure reduced earnings of Alcan Aluminium, the Canadian producer in the first nine months of this year, in line with most of its competitors.

Nine months earnings were U.S.$238m, or $2.92 per share, against U.S.$417m, or $5.16 a year earlier, on revenues of U.S.$3.8bn against $3.9bn. Average shares outstanding were 81.7m against 80.9m.

Third quarter earnings were U.S.$67m, or 82 cents, against U.S.$132m, or $1.63, on revenues of U.S.$1.2bn against $1.3bn.

Third quarter shipments were 391,000 tonnes, unchanged from a year earlier, and in the nine months 1.19m tonnes against 1.2m tonnes.

The nine-months' earnings include a gain of $18m from the release of a provision for UK taxes less a write off of $6m covering development costs of the Queensland smelter in Australia. Work on the smelter has been halted.

The company said European seriously affected by economic operations continued to be conditions and resulted in the loss of $61.5m in the nine months against net income of $33.6m a year earlier.

Mixed U.S. chemical group results

BY OUR NEW YORK STAFF

U.S. CHEMICAL companies are reporting mixed results for the third quarter because of the uncertainties facing many parts of their business.

Monsanto yesterday said net profits more than quadrupled from $29.6m, or 81 cents a share, in the third quarter last year to $123.6m, (or $3.09) this year. But the latest results include a $67.7m gain from the sale of the company's share in a joint venture with Conoco. Conoco was forced to buy out Monsanto to satisfy anti-trust objections to its merger with Du Pont. Without this gain, the rise would have been much less dramatic.

Mr John Hanley, the chairman, attributed the underlying rise mainly to improvements in the company's agricultural chemical and textile businesses. Other areas continued to be affected by the weakness of the motor and housing industries.

He also said the losses at its British facility had been significantly reduced and that overall it was looking for a business upturn in 1982.

For the nine months net profits were $33.4m compared with $217m in 1980, or up from $5.98 a share to $10.25. Sales ahead from $1.54bn to $1.63bn in the third quarter took the cumulative total from $4.91bn to $5.39bn.

Union Carbide suffered a 10 per cent drop in earnings, from $154m, or $2.30 a share, to $138m, or $2.02. The company said the drop was caused in large part by currency conversion factors relating to the strong dollar. But it also said world markets were weak and had led to a decline in sales volume between the second and third quarters. Total sales in the third quarter were $2.4bn, up only 2 per cent on the year before.

For the nine months sales were up almost 6 per cent from $7.32bn to $7.74bn while profits were almost a third lower at $509.2m compared with $740.9m. Per share earnings were $7.52 against $7.87.

Celanese Corporation reported third quarter income of $34m, or $2.09 a share, up 38 per cent on the $22m, or $1.47 earned in the same period last yaer. Sales were up 22 per cent to $995m

Celanese said the main factors affecting results were "modest profitability" on international business, with a reduced loss on fibres more than offset by good income from chemicals.

The housing and motor industries were weak while its exports from U.S. operations slipped because of the strong dollar and weak foreign economies. Also, domestic demand for cellulose fibres and knitwear dropped significantly.

Mr John Macomber, the chairman, said: "Even though earnings tapered off somewhat from the prior quarter, we have continued to lessen our susceptibility to economic lulls by striving to be a leader in each of our major businesses."

After nine months sales were up from $2.43bn to $2.86bn and net earnings were $111m against $83m. At the per share level profits were $6.71m, up from $5.56 previously.

Teamsters run for Pan Am board

BY IAN HARGREAVES IN NEW YORK

THE INTERNATIONAL Brotherhood of Teamsters, the largest trade union in the U.S., has nominated three candidates for the board of Pan American World Airways.

Among the nominees is Mr Nicholas Giraffa, president of a Teamsters local which represents 5,000 Pan Am employees. If Mr Giraffa were elected to the board, he would be the first Teamster to serve on a company board and only the second U.S. union official to do so, following the election of Mr Douglas Fraser, president of the United Autoworkers Union, to the board of Chrysler.

Pan Am agreed the Teamsters could nominate a board member as part of its acceptance of a 10 per cent pay cut for Pan Am workers. That deal also set up an employee stock ownership plan, founded by wage concessions, which the union says will result in workers owning 12.2 per cent of the company.

The Teamster proposal is, therefore, somewhat different from the Chrysler case, where Mr Fraser stated in writing in a proxy document that he intended to join the board to serve the interests of his members.

The Teamster representative would be there primarily as a representative of a large, or potentially large, stockholder group.

The union's alternative candidates to Mr Giraffa are Mr William Usery, a former Labour Secretary, and Mr Earl Kehoe, a Florida lawyer

The union's announcement of its candidates was coupled with an attack on Pan Am management for its "ineptness, bungling and waste." The company lost $218m in the first half of the year.

Energy and freight slow Union Pacific

By Our New York Staff

UNION PACIFIC, the large U.S. railway and energy company, yesterday reported a modest 3 per cent increase in third quarter profits after following a poor period for rail freight and lower profits in the company's downstream energy activities.

Net profit in the quarter was $121.6m, against $118.1m. Sales were up by 39 per cent from $1.2bn to $1.6bn.

The laggards in the company were Champlin Petroleum and Union Pacific Railroad. Champlin's earnings were down 2 per cent at $49m, because of a sharp drop in earnings from the petrochemicals business. Champlin's income from exploration and production, however, rose by 38 per cent to $98.9m.

Rocky Mountain Energy had a good quarter, based on higher coal production and higher prices. Earnings rose by 31 per cent to $19.9m.

The railway, whose fortunes are closely tied to the U.S. economy, suffered an 8 per cent drop in earnings to $46.9m.

For the nine months, the company earned $284.7m on sales of $4.8bn, compared with $299.4m on sales of $3.5bn last year.

ICI Australia defers A$500m plan for plant

ICI AUSTRALIA has deferred construction of a proposed A$500m (US$575m) chlor-alkali complex at Point Wilson, in Victoria.

Mr M. D. Bridgland, the chairman, said a A$2m feasibility study had shown the plant was not viable in current Australian economic conditions.

"Foreseeable cost structures in Australia are unlikely to permit an internationally competitive operation to be developed in the short-term and the longer term outlook is clouded by uncertainties," he added.

The uncertainties concern the likely extent to which the Australian Government will encourage and support manufacturing industry such as the chemical industry and those industries which use its products, he said.

The Government is reviewing the tariff protection afforded domestic industry and the chemical industry is scheduled for scrutiny in 1984.

Mr Bridgland added that ICI would keep the project under review and would be willing to resume detailed development work if the Australian cost structure became more competitive.

The main cost factors which influenced ICI's decision were rising wages and the appreciation of the Australian dollar which are promoting strong competition from overseas manufacturers, he said.

Reuter

Heavy development costs cause slump at Northrop

BY OUR NEW YORK STAFF

NORTHROP, the California aerospace company whose share price soared in the last few days after news of its involvement in the radar-avoiding "stealth" bomber programme, yesterday reported dismal third quarter earnings.

Net profits were $2.5m in the quarter, down from $24.8m last year, in spite of a sharp rise in sales from $403m to $524.2m. For the nine months profits were more than halved to $30.8m and sales rose from $1.18bn to $1.43bn.

The company blamed the decline on higher than expected development costs for the F-5G Tigershark fighter, a derivative of the company's long-running F-5 programme which is designed to appeal to the export market for lighter, less sophisticated fighters.

The company said it now expected to spend between $140m and $150m on the Tigershark this year, against an estimate in March of $100m.

The aircraft, which will compete directly with the General Dynamics F-16, is due to make its maiden flight next September. Northrop has so far made no sales, but is talking to more than 30 potential customers.

Northrop has also suffered from a slowdown in subcontract work on the Boeing 747 airliner and ended the quarter with an orderbook of $2.11bn, down slightly from $2.15bn a year ago.

In spite of its current problems, however, there is great excitement in Wall Street about Northrop's involvement in Stealth. Although almost nothing is known either about the project or its financing, one trade magazine reported last week that Northrop, one of the smaller Pentagon main contractors, had won the prime contract for the first $21.9bn phase of the programme.

Armco improves operating profit

A STRONG gain in operating results in the third quarter at Armco has brought a prediction from the board that the full-year earnings will top last year's $265m or $4.73 a share, writes Our Financial Staff.

At the nine-month stage, net earnings have risen from $201.9m to $218.3m, with last year's figure inflated by $17.7m from a settlement of litigation and by $31.5m from the sale of preferred stock in Rowan.

Net earnings for the third quarter are $63.8m or $1.13 a share, against $74m or $1.30 last time, but the 1980 totals include $31.5m from the Rowan stock sale.

Armco said, however, that the operating results did not meet expectations

U.S. mergers break records

By Our New York Staff

THE NUMBER of mergers and acquisitions in the U.S. continued to smash records in the third quarter.

W. T. Grimm, the Chicago company which collects authoritative figures on mergers, said it had counted 623 deals in the quarter, a 25 per cent increase over last year. In the first nine months of the year, $60.8bn was paid out in merger deals, far higher than the record $44.3bn in the whole of 1980.

Among the reasons for the merger wave, the most spectacular feature of which was the Du Pont-Conoco transaction, were a softening of anti-trust attitudes by the Reagan Administration, a plentiful supply of bank credit to finance bids and the low—by historical standards—value of many stocks.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Wednesday November 11. Closing prices on October 20

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
CIBC 15⅛ 86	75	96⅝	96⅞	0	−0⅜	16.25
CIBC 16⅛ 91	100	98⅝	99⅛	+0⅛	−0⅛	16.85
CNA 15¾ 96	75	92	92½	+0¼	+0⅜	16.64
CNE 12¾ 91	100	91	91½	+0⅜	−0⅜	16.84
Citicorp Int. Fin. 15 86	150	97	97½	+0⅜	+0½	15.80
Citicorp O/S 15½ 84	175	99¾	100¼	+0¼	−0⅛	15.38
Cities Service 17 88	150	103¼	103¾	+0⅛	−0⅜	16.10
Con. Illinois 14¾ 84	100	96⅛	96⅝	+0⅛	−0⅞	16.37
CPC Fin. 16⅝ 86	50	103⅛	103⅝	+0⅛	0	15.68
EEC 14⅛ 93	65	91⅛	91⅞	+0⅜	+0⅛	16.36
EIB 16½ 88	100	99⅛	99⅝	+0⅛	0	16.63
Fed. Bus. D. 15¾ 84 (J)	40	99⅛	99⅝	+0⅛	−0⅛	15.93
Finland Rep. of 9½ 86	100	77⅞	78⅜	+0⅞	−0⅛	16.97
Ford Cr. O/S Fin. 16 84	150	99⅛	99⅝	0	−0⅜	16.20
Ford Cr. O/S Fin. 16 85	150	98⅜	98⅞	+0⅛	−0⅜	16.48
GMAC O/S Fin. 12⅞ 88	100	86⅞	87⅜	+0⅛	+0½	16.24
GMAC O/S Fin. 14⅝ 87	100	93	93½	+0½	−0½	16.60
Gulf States O/S 17½ 88	60	100⅞	101⅜	+0⅛	−0⅜	17.19
Hiram Walker 16 86	50	97⅞	98⅜	0	−0⅛	16.52
IBM Wld. Trade 14⅜ 84	100	100⅞	101⅜	+0⅛	−0⅜	14.11
IBM Wld. Trade 14⅝ 85	80	100½	101	+0⅞	−0⅜	14.42
Nat Bk. Canada 15½ 84	40	†97½	98	−0⅛	−0⅛	16.23
New Brunswick 17 88	60	101⅞	102⅜	0	−0⅞	16.48
Newfoundland 17¼ 89	60	103½	104	0	−0⅜	16.36
Nova Scotia 15 91	75	92½	93	0	−0⅞	16.50
Pacific Gas Elec. 16 88	75	100	100½	+0⅛	−0⅞	15.89
PSNH Int. Fin. 17 86	30	99⅞	100⅜	+0⅞	−0⅛	18.90
Royal Bk. Canada 14 86	100	96⅛	96⅝	+0⅞	+0⅛	15.09
SNCF 13 91	75	82⅛	82⅝	+0⅛	−0⅜	16.79
Shell Canada 15⅜ 91	100	98⅜	98⅞	0	−1⅛	16.01
Sth. California 14 87	50	93½	94	+0⅛	−0⅜	15.72
Sth. California 14⅜ 88	50	93⅞	94⅜	+0⅛	0	16.19
Swed. Ex. Credit 13 86	75	88	88½	+0⅛	−1⅛	17.05
Swed. Ex. Cred. 15⅜ 86	50	96⅜	96⅞	+0⅞	−0⅜	16.76
Tenneco Int. 17 89	100	102½	103	+0⅛	0	16.34
Toronto-Dom. Bk. 14 84	50	95½	96	+0⅛	−0⅛	16.07
Transcanada 17⅜ 88	75	103⅛	104⅛	+0⅜	−0⅛	16.70
Walt Disney 15⅜ 86	100	99⅛	99⅝	+0⅛	−0½	15.90
Wells Fargo Int. 15½ 84	50	99⅞	100⅜	+0⅛	−0⅜	15.32
Winnipeg 17 86	50	100½	101	+0⅛	−0⅛	16.78
World Bank 14⅜ 86	500	93¼	93¾	+0⅛	−0⅞	16.39
World Bank 16 86	210	98½	99	+0⅛	−1⅛	16.32
World Bank 16 88	80	98⅛	98⅝	+0⅛	−0⅜	16.34
World Bank 16½ 86	130	99⅛	99⅝	+0⅛	+1⅛	16.60
World Bank 16½ 88	100	99⅛	99⅝	+0⅛	−0⅜	16.61

Average price changes... On day +0⅛ on week −0½

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 91	100	97⅞	98⅛	+0⅛	−0⅛	10.36
Austria, Rep. of 8¾ 92	150	87⅞	88½	+0⅞	+0⅛	10.09
CECA 7⅞ 92	150	85⅛	85⅞	−0⅛	−0⅛	10.13
CECA 10 91	120	98½	99	0	−2⅛	10.22
CII-Honeywell 8¾ 90	125	88⅞	89⅜	+0⅛	+1⅛	10.28
Council of Europe 10 91	100	97⅞	98⅜	+0⅛	−1	10.28
EIB 8½ 90	200	89	89½	−0⅛	−0⅛	10.37
EIB 10½ 91	200	100½	101	0	−1	10.37
ESCOM 9¾ 87	100	91⅛	91⅞	0	0	11.26
Finland Rep. of 10 89	100	97⅞	97⅞	0	−0⅛	10.47
Iberduero SA 9 90	100	90⅞	91⅜	−0⅛	−0⅜	10.64
Ind. Bk. Finland 8½ 90	50	89½	90⅛	−0⅛	−0⅛	10.27
Int. Am. Dv. Bk. 10 91	100	98⅝	99⅛	−0⅛	−1⅛	10.15
Japan Air Lines 8⅞ 87	100	92⅞	93⅜	+0⅛	+0⅛	9.75
Japan Dev. Bk. 7⅞ 87	100	89⅞	90⅜	0	+0⅛	9.88
Kobe, City of 8 90	100	90	90½	+0⅛	+0⅛	9.67
Midland Int. Fin. 8½ 90	150	91½	92	+0⅛	+0⅛	9.95
Nuclebras 9¾ 88	100	89⅞	90⅜	−0⅛	−0⅛	11.89
OKB 8¾ 92	150	87⅜	87⅞	+0⅛	−0⅜	10.21
Oslo, City of 8¾ 90	80	91⅞	92⅜	+0⅛	−0⅛	10.15
Renault Acc. 10⅜ 86	150	98½	99⅛	0	−0⅛	11.04
Venezuela R. of 9¾ 90	150	94⅛	94⅞	−0⅛	+0⅛	10.73
World Bank 8 90	700	86⅞	87⅜	−0⅛	−0⅛	10.31

Average price changes... On day 0 on week −0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aeroport Paris 6½ 91	80	†92	92½	0	−0⅛	7.67
BFCE 6½ 91	100	†90	92	0	+0⅛	7.89
Bayer Int. Fin. 5⅜ 92	100	86⅜	87	+1	+0⅛	7.01
Belgelectric Fin. 7⅜ 91	100	99⅞	100⅛	+0⅛	+0⅛	7.74
Bergen, City of 6⅜ 91	40	96⅛	96½	+0⅛	−0⅛	7.28
CECA 6⅜ 91	80	92⅛	93	+0⅛	−1⅛	7.83
Denmark 6⅜ 90	80	87⅜	88⅛	+1⅛	+1⅛	7.68
Dome Petroleum 5½ 91	100	88	88⅛	−0⅛	−1	7.57
Dome Petroleum 7½ 90	100	99⅛	100	0	−1⅛	7.26
Elet. de France 6⅜ 90	100	†83	83½	−0½	−3	7.94
Eurofima 5⅜ 92	80	†88½	89	0	0	7.27
Finland, Rep. of 5⅜ 90	80	†85	86½	−0⅛	−1⅛	7.84
Franc. Petroles 6½ 91	80	90⅛	90⅞	−0½	−1⅛	8.80
Genstar 7 91	100	99⅛	99½	−0½	−1	7.08
Int. Amer. Dv. Bk. 7 91	100	94¼	94½	0	−1	7.85
Japan Dev. Bank 5⅜ 90	100	91½	91⅞	−0½	−0⅛	7.04
Mt. Blanc Tunnel 5½ 90	60	†84½	85	+0⅛	+0⅛	7.96
Neweg 5⅜ 90	80	†88	88½	−1⅛	−2⅛	7.84
OKB 7 93	100	97⅛	97⅝	0	−0⅛	7.35
Oslo, City of 5⅞ 90	80	91⅛	91½	+1⅛	+3	7.21
Philips Lamps 5⅜ 92	100	85⅜	85⅞	−0⅛	−1⅛	7.19
Swed. Ex. Credit 7¼ 91	75	93	93½	−0½	−1⅛	8.29
Trade Dev. Fin. 6½ 90	80	88½	88⅛	+0½	−1⅛	8.30
Voest-Alpine 5⅜ 90	80	86	86⅛	0	+1	7.86
World Bank 6 91	100	87⅜	88	+0½	−2⅛	7.88
World Bank 7 90	100	†96	96½	−0⅛	−0⅛	7.81

Average price changes... On day 0 on week −0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8⅜ 91	15	86⅞	87⅜	0	−0⅛	8.73
Australia 6½ 88	20	85⅛	86⅛	0	0	9.46
EIB 7⅜ 89	12	93⅞	94⅜	0	0	8.81
Finland 6.8 88	10	86⅞	87⅜	0	+0⅞	9.59
Finland, Rep. of 8⅜ 87	15	96½	97½	0	+0½	9.06
New Zealand 8⅜ 87	15	97	98	0	−0⅛	8.94

Average price changes... On day 0 on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
CIBC 13½ 85 C$	60	90	91	0	0	17.17
CIBC 11½ 85 C$	60	84	85	0	0	17.42
Federal Dev. 11½ 90 C$	60	†76½	77½	+0½	+1½	16.54
Federal Dev. 17⅜ 86 C$	40	†98½	99½	0	−1	18.06
Fst. Can. Inv. 10 84 C$	50	†85½	86½	+0½	+0½	17.02
GMAC (Can.) 16 87 C$	60	†104	105	0	−0½	16.73
Tordom Cpn. 13½ 85 C$	30	†82½	83½	0	−1	16.13
M. Bk. Dnmk. 9 91 EUA	25	78½	79½	+0⅛	−1½	12.79
SOFTE 8¼ 89 EUA	40	75½	76½	0	+0⅛	13.52
U. Bk. Nwy. 9½ 90 EUA	16	80⅜	82	−0⅛	−0⅛	13.29
Algemene Bk. 10⅜ 86 Fl	60	93⅞	94⅜	+0⅛	0	12.02
Amro Bank 12 86 Fl	75	99⅛	99⅝	−0⅛	−0⅞	12.14
Heineken NV 10 87 Fl	100	92⅞	93⅜	+0⅛	+0⅛	11.68
Nat. Nedrlndn. 10 88 Fl	60	94⅛	94⅝	+0⅛	+0⅛	11.27
Ned. Midd. Bk. 10 85 Fl	75	95⅛	95⅝	0	+0⅛	11.48
Pierson 10⅜ 86 Fl	50	93⅛	93⅝	0	−0⅛	12.22
Rabobank 12 86 Fl	50	100	100½	0	0	11.88
Air France 14½ 86 FFr	200	91⅛	92⅛	0	+0⅛	17.19
Bk. America 14½ 85 FFr	250	91⅛	92⅛	+0⅛	+0⅛	17.13
Charb'nages 13⅞ 85 FFr	400	90⅝	91⅝	+0⅛	+1	16.97
EIB 14⅞ 88 FFr	300	86	87	+0⅛	+0⅛	17.84
La Redoute 14⅜ 85 FFr	125	89⅝	90⅝	+0⅛	+0⅛	18.06
OKB 14 86 FFr	400	90⅝	91⅝	0	+0⅛	16.93
Solvay et C. 14⅜ 86 FFr	200	90	91	+0⅛	+0⅛	17.95
Swed. E. Cr. 14⅞ 86 FFr	250	88⅞	89⅞	+0⅛	+0⅛	18.19
U. Mex. Sts. 14 85 FFr	150	91⅛	92⅛	+0⅛	+0½	17.09
Acona 14 85 £	20	89⅝	90⅝	0	−0⅛	17.52
Beneficial 14⅛ 90 £	20	80⅛	81½	0	−0⅛	18.67
BNP 13½ 91 £	15	83⅛	83⅞	−0⅞	−0⅛	17.14
CECA 13½ 86 £	20	85⅞	86⅝	−0⅛	+1	17.00
Citicorp O/S 13½ 90 £	50	86⅛	87	−0⅛	−0⅛	16.53
Fin. Ex. Cred. 13⅜ 86 £	15	89⅞	90⅝	0	0	16.95
Gen. Elec. Co. 12½ 89 £	50	83½	84⅛	0	−1⅛	16.36
Hiram Walker 14⅞ 86 £	25	90⅞	91½	−0⅛	−0⅞	17.15
Privatbanken 14½ 88 £	12	88⅞	91⅛	0	+1⅛	16.95
J. Rothschild 14⅜ 90 £	12	88⅛	89½	−0⅛	−0⅛	16.65
Royal Trustco 14 86 £	12	90⅛	91½	0	−1	16.95
Swed. Ex. Cr. 13⅜ 86 £	20	89⅛	90⅛	0	−0⅛	17.16
Akzo 9⅜ 87 LuxFr	500	84⅜	85⅜	−0⅛	−0⅛	12.92
Euratom 9⅜ 88 LuxFr	500	86⅜	87⅜	0	+0⅛	12.82
Eurofima 10½ 87 LuxFr	500	88⅜	89⅜	0	+0⅛	13.31
EIB 9⅜ 88 LuxFr	600	83⅞	84⅞	0	−0⅛	13.58
Volvo 9⅜ 87 LuxFr	500	83⅞	84⅞	−0⅛	−0⅞	13.67

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5¼ 90	0¼	99	99½	18/12	16⅝	16.88
BBL Int. 5 86	0¼	99⅜	99⅞	20/11	18.31	18.38
BNP 5½ 86	‡0⅛	99⅛	99⅝	29/10	16.81	16.88
Christiana Bk. 5½ 91	‡0⅛	98⅞	99⅛	5/11	19.19	19.38
Co-Ben Eurofin 5½ 91	0⅛	98⅛	99⅛	14/4	16.69	16.90
Co-operative Bk. 6 86	0⅛	99⅛	99⅝	15/11	19.56	19.66
Den Norske Credit 6 90	‡0¼	99	99½	6/11	19.19	19.33
Genfinance 5⅜ 87	0¼	99⅜	99⅞	30/10	16.94	17.00
Genfinance 5⅜ 92	0¼	99½	100	30/12	18.31	18.36
Giro und Bank 5⅜ 91	‡0¼	99⅛	99⅝	23/12	17½	17.59
GZB 5¼ 92	‡0¼	98⅜	99⅛	5/12	17¼	17.42
Ind. Bank Japan 5¼ 88	0¼	99½	100	9/4	16⅝	16.67
Lloyds Eurofin 8 90 £	0¼	96	96⅜	6/1	13½	14.14
Lloyds Eurofin 5¼ 92	0¼	98⅞	99⅛	4/12	17.44	17.59
Lloyds Eurofin 5⅜ 93	0¼	98½	99	29/10	5¼	5.32
LTCB Japan 5¼ 88	0¼	99⅛	100⅛	13/12	17¼	17.25
LTCB Japan 5½ 89	0¼	99½	100	16/1	18.32	18.36
Man. Hanov. O/S 5¼ 94	‡0¼	99⅝	100⅛	30/11	19⅛	18.36
Midland Int. Fin. 5⅜ 92	0⅛	99⅛	99⅝	5/12	17⅜	17.46
Midland Int. Fin. 9 91	0⅛	98⅞	99⅛	30/10	16.81	16.96
Nacional Fin. 5½ 88	0⅛	98	98½	25/3	17.31	17.62
Nat. Bk. Canada 5¼ 88	0¼	99¼	99¾	24/3	17.31	17.40
Nat. West. 5⅜ 94	§0⅛	98⅞	99⅜	14/4	18⅝	16.77
Nat. West. Fin. 5⅜ 91	§0⅛	99⅛	99⅝	15/1	18⅛	18.22
Nat. West. Fin. 5⅜ 92	§0⅛	98⅜	99⅛	23/10	16.81	16.98
Pemex 6 91	0¼	97⅝	98⅛	8/4	17	17.37
Pemex 5⅜ 88	0⅛	97⅝	98⅛	14/2	18.81	19.20
Sanwa Int. Fin. 5¼ 88	0¼	†99⅛	99⅝	24/3	17¼	17.36
Societe Generale 5⅜ 91	0⅛	98⅜	99⅛	22/1	18⅜	18.81
Sparebanken 6 87	0⅛	98⅝	99⅛	19/12	16.81	17.00
Svenska Hndlsbk. 5 87	0⅛	99⅝	100⅛	15/1	18⅛	18.13

Average price changes... On day 0 on week −0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5⅜ 96	7/81	933	78⅛	79⅞	+4	1.80
Bow Valley Inv. 8 95	4/81	23.12	92⅛	93⅞	+0⅛	36.69
Canon 6⅜ 95	1/81	829	115⅝	117⅞	+5½	6.61
Daiwa Secs. 5½ 96	12/81	539	71	73	−0½	−5.36
Fujitsu 4½ 96	10/81	6770	96	97½	+7	17.01
Furukawa Elec. 5⅜ 96	7/81	300	96½	98	+6	7.38
Hanson O/S Fin. 9½ 96	8/81	2.74	†81	82	+1	1.70
Hitachi Cred. Cpn. 5 96	7/81	1966	75⅛	77⅛	−2	8.65
Inchcape 8 95	2/81	4.55	55½	57	−0½	20.34
Kawasaki 5⅜ 96	9/81	229	77⅜	79⅛	+2⅞	0.14
Marui 6 96	7/81	931	84	85½	+3⅜	5.44
Matsushita El. 7½ 95	11/80	590	76⅝	78⅛	+2⅛	−1.83
Minolta Camera 5 96	10/81	909	71½	73	+2½	3.15
Murata 5¼ 96	7/81	2190	78⅛	79⅞	+5⅜	0.54
NKK 6½ 96	7/81	188	86⅜	88⅛	+1⅛	−3.71
Nippon Chemi-C. 5 91	10/81	919	72½	74½	0	−2.32
Ricoh 6⅜ 95	8/80	604	114⅝	116⅝	+6⅝	3.66
Sanyo Electric 5 96	10/81	652	80½	82	+4	13.40
Sumitomo Met. 5⅜ 96	10/81	305	76⅛	77⅞	+5⅞	10.34
Swiss Bk. Cpn. 6⅜ 90	9/80	200	70½	72½	+0⅛	12.29
Taylor Woodrow 8⅜ 90	1/81	4.94	75	76	0	1.73
Transco Int. 8⅜ 85	2/81	88	72½	74	−0⅛	20.02
Tricorp 8½ 95	12/80	31.25	67½	69	−1	23.11
Union Bk. Switz. 5 89	2/80	70.79	†77½	79½	+1	8.29
Sharp Cpn. 6½ 88 DM	9/80	591.8	146⅞	148⅛	+5⅞	2.58
Uny Co. 6½ 85 DM	11/79	879.3	100⅛	101⅛	−0⅛	0.91

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

NORTH AMERICAN QUARTERLY RESULTS

ABITIBI-PRICE

Third quarter	1981 C$	1980 C$
Revenue	453.4m	261.6m
Operating profits	33.6m	647,000
Operating share	1.50	0.11†
Nine months		
Revenue	1.33bn	1.04bn
Operating profits	100.3m	62.8m
Operating share	4.57	2.94

† Loss

AIR PRODUCTS AND CHEM.

Third quarter	1981 $	1980 $
Revenue	403m	368.3m
Net profits	28.8m	23.3m
Net per share	1.01	0.82
Nine months		
Revenue	1.57bn	1.42bn
Net profits	126m	116.5m
Net per share	4.42	4.07

BAUSCH AND LOMB

Third quarter	1981 $	1980 $
Revenue	154.6m	149.6m
Net profits	12.3m	15.6m
Net per share	1.02	1.30
Nine months		
Revenue	455.4m	431.8m
Net profits	26.4m	40.4m
Net per share	2.19	3.37

BURLINGTON NORTHERN

Third quarter	$ 1981	$ 1980
Revenue	1.27bn	1.04bn
Net profits	63.6m	40m
Net per share	1.63	1.41
Nine months		
Revenue	3.70bn	2.85bn
Net profits	193m	157.9m
Net per share	4.96	5.68

CAMPBELL TAGGART

Third quarter	1981 $	1980 $
Revenue	410.2m	342m
Net profits	12.58m	10.57m
Net per share	0.74	0.63
Nine months		
Revenue	955.8m	843.4m
Net profits	31.55m	27.15m
Net per share	1.88	1.63

CANADA OCCIDENTAL

Third quarter	1981 $	1980 $
Revenue	44.1m	48m
Net profits	5.3m	7.2m
Net per share	0.23	0.33
Nine months		
Revenue	147.1m	137.9m
Net profits	21.3m	24.5m
Net per share	0.95	1.09

CENTRAL AND SOUTH WEST

Revenue	627.1m	568.4m
Net profits	80.2m	69.6m
Net per share	0.99	0.88
Nine months		
Revenue	1.51bn	1.29bn
Net profits	149.9m	131.8m
Net per share	1.87	1.78

COMMONWEALTH EDISON

Third quarter	1981 $	1980 $
Revenue	1.1bn	980m
Net profits	189.8m	142.1m
Net per share	1.40	1.21
Nine months		
Revenue	2.8bn	2.5bn
Net profits	349.3m	287.9m
Net per share	2.45	2.28

CONTINENTAL ILLINOIS

Third quarter	1981 $	1980 $
Net profits	67.3m	57.2m
Net per share	1.70	1.46
Nine months		
Net profits	187.5m	170.5m
Net per share	4.74	4.34

DANA

Third quarter	1981 $	1980 $
Revenue	673m	568m
Net profits	30.9m	10m
Net per share	0.87	0.29
Nine months		
Net profits	97.1m	52.9m
Revenue	2.1bn	1.82bn
Net per share	2.73	1.56

DENNISON MFG.

Third quarter	1981 $	1980 $
Revenue	147.9m	124.4m
Net profits	8.4m	5.6m
Net per share	0.84	0.58
Nine months		
Revenue	415.5m	360.5m
Net profits	20m	14.7m
Net per share	2.03	1.53

DIEBOLD

Third quarter	1981 $	1980 $
Revenue	92.3m	82.5m
Net profits	6.8m	2.9m
Net per share	0.79	0.35
Nine months		
Revenue	278.5m	261.8m
Net profits	19.7m	16m
Net per share	2.29	1.86

DIGICON

Third quarter	1981 $	1980 $
Revenue	38.7m	19.9m
Operating profits	2.5m	1m
Operating share	0.77	0.37
Nine months		
Revenue	108m	53.7m
Operating profits	5.3m	2.3m
Operating share	1.85	1.01

DRAVO

Third quarter	1981 $	1980 $
Revenue	367.2m	275.5m
Net profits	576,000	5.7m
Net per share	0.04	0.45
Nine months		
Revenue	997.8m	723.8m
Net profits	10m	12.9m
Net per share	0.75	1.04

EMHART

Third quarter	1981 $	1980 $
Revenue	401.6m	409.9m
Net profits	19.8m	11.1m
Net per share	1.60	0.89
Nine months		
Revenue	1.28bn	1.32bn
Net profits	41.2m	51.5m
Net per share	3.36	4.21

ENGELHARD CORP.

Third quarter	$ 1981	$ 1980
Revenue	609.4m	747.4m
Net profits	17.58m	17.44m
Net per share	0.66	0.64
Nine months		
Revenue	1.65bn	2.4bn
Net profits	48.24m	50.9m
Net per share	1.78	1.88

ETHYL CORP.

Third quarter	1981 $	1980 $
Revenue	448.2m	429.9m
Net profits	21m	19.2m
Net per share	1.05	0.95
Nine months		
Revenue	1.33bn	1.31bn
Net profits	65.1m	65m
Net per share	3.26	3.25

GENERAL PORTLAND

Third quarter	1981 $	1980 $
Revenue	88.8m	80.2m
Net profits	3.1m	7.3m
Net per share	0.45	1.06
Nine months		
Revenue	248m	227.3m
Net profits	11.5m	20.8m
Net per share	1.66	3.01

ECHLIN

Fourth quarter	1981 $	1980 $
Revenue	126.3m	69.8m
Net profits	543,000	†1.9m
Net per share	Nil	†0.12
12 months		
Revenue	415.7m	301.4m
Net profits	12.7m	8.8m
Net per share	0.70	0.55

† Loss

HARRIS CORP.

First quarter	1981 $	1980 $
Revenue	392.2m	347.8m
Net profits	22.2m	20.7m
Net per share	0.71	0.68

INGERSOLL-RAND

Third quarter	1981 $	1980 $
Revenue	832m	724m
Net profits	38.4m	39.9m
Net per share	1.81	2.01
Nine months		
Revenue	2.42bn	2.08bn
Net profits	112.4m	102.3m
Net per share	5.62	5.12

LIBBEY-OWENS-FORD

Third quarter	1981 $	1980 $
Revenue	297.6m	276.5m
Net profits	†18.4m	4.9m
Net per share	†1.76	0.34
Nine months		
Revenue	940.7m	856.1m
Net profits	2.3m	18.2m
Net per share	0.12	1.32

† Loss

McGRAW-EDISON

Third quarter	1981 $	1980 $
Revenue	575.5m	533.2m
Net profits	13.1m	12.2m
Net per share	0.80	0.74
Nine months		
Revenue	1.8bn	1.67bn
Net profits	46.1m	32.5m
Net per share	2.82	1.98

MAYTAG

Third quarter	1981 $	1980 $
Revenue	111.5m	86.8m
Net profits	11.1m	8.4m
Net per share	0.79	0.63
Nine months		
Revenue	325.2m	263.9m
Net profits	31.1m	26.7m
Net per share	2.19	2.01

MELVILLE

Third quarter	1981 $	1980 $
Revenue	681.5m	585.1m
Net profits	29.2m	28.4m
Net per share	1.13	1.12
Nine months		
Revenue	1.83bn	1.59bn
Net profits	86.3m	80m
Net per share	2.56	2.38

NATIONAL GYPSUM

Third quarter	1981 $	1980 $
Revenue	215m	214.8m
Operating profits	8.3m	12.6m
Operating per share	0.52	0.76
Nine months		
Revenue	640.4m	625.1m
Operating profits	23.8m	37.9m
Operating per share	1.47	2.29

NATOMAS

Third quarter	1981 $	1980 $
Revenue	404m	325.7m
Net profits	67.9m	58.9m
Net per share	1.25	1.14
Nine months		
Revenue	1.4bn	952.5m
Net profits	183.7m	164.3m
Net per share	3.39	3.18

NICOR

Nine months	1981 $	1980 $
Revenue	1.52bn	1.3bn
Net profits	123.7m	111.6m
Net per share	5.63	5.80

NORTHWEST BANCORP

Third quarter	1981 $	1980 $
Net profits	28.9m	28.1m
Net per share	1.11	1.09
Nine months		
Net profits	83.1m	84.9m
Net per share	3.36	3.32

NORTHWEST INDUSTRIES

Third quarter	1981 $	1980 $
Revenue	977.8m	708.7m
Net profits	72.4m	38.5m
Net per share	2.35	1.25
Nine months		
Revenue	2.71bn	2.05bn
Net profits	191.1m	100.6m
Net per share	6.20	3.25

PHIBRO

Third quarter	1981 $	1980 $
Revenue	6.56bn	5.53bn
Net profits	78.8m	109.6m
Net per share	1.15	1.61
Nine months		
Revenue	19.2bn	16.69bn
Net profits	207.6m	356.8m
Net per share	3.03	5.26

ROHM AND HAAS

Third quarter	$ 1981	$ 1980
Revenue	448m	403.9m
Net profits	21.6m	22.6m
Net per share	1.67	1.75
Nine months		
Revenue	1.47bn	1.3bn
Net profits	73.9m	76.7m
Net per share	5.72	5.95

UNION PACIFIC

Third quarter	1981 $	1980 $
Revenue	1.64bn	1.19bn
Net profits	121.6m	118.1m
Net per share	1.26	1.24
Nine months		
Revenue	4.78bn	3.54bn
Net profits	284.7m	299.4m
Net per share	2.96	3.13

UPJOHN

Third quarter	$ 1981	$ 1980
Revenue	447.7m	432.8m
Net profits	31.2m	39.2m
Net per share	1.03	1.31
Nine months		
Revenue	1.44bn	1.31bn
Net profits	123.4m	135.5m
Net per share	4.10	4.54

U.S. HOME

Third quarter	1981 $	1980 $
Revenue	218.4m	321.1m
Net profits	2.2m	13m
Net per share	0.15	0.96
Nine months		
Revenue	788.2m	807.7m
Net profits	18.9m	34.7m
Net per share	1.30	2.66

Svenska Petroleum asks for more Government aid

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

SVENSKA PETROLEUM, the loss-making state-owned Swedish oil company, is seeking SKr 600m ($109m) from the government to cover its losses and to avoid technical liquidation.

It will also shortly require a new equity injection and, possibly, further funding to allow it to meet the obligation imposed on all oil companies operating in Sweden to maintain emergency stocks.

Last year the company reported a pre-tax loss of SKr 338m and latest estimates indicate that the 1981 loss will be even larger.

SP received SKr 225m in new capital from the government in July and at the time, Mr Ingemar Eliasson, the Energy Minister, promised to ask the Riksdag (parliament) to approve a further capital injection.

On Monday the SP board decided to call for SKr 600m to cover losses and to set up a working committee selected from its own members, the management and the Industry Minister to re-examine the purpose of the company and its future financing.

SP was formed after the 1973 oil crisis to help safeguard the oil supplies which account for some two-thirds of Sweden's energy consumption. It experienced an explosive expansion from 1978 and by last year had reached a turnover of more than SKr 10bn having captured about 15 per cent of the Swedish oil products market.

The expansion was financed mainly through short-term borrowing which resulted in net financial charges of SKr 241m in 1980.

Mr Johan af Klint, the financial director, recently said that 58 per cent of the balance sheet had been financed with interest-bearing external debt during the year.

At the end of 1980 SP's equity amounted to no more than 5 per cent of the balance sheet. With the capital injection received in July, and providing the Riksdag agrees to cover its losses to the end of 1981, the company will be left with a capital base of SKr 575m, giving it a solvency ratio of around 16 per cent. The management considers this should be raised to 25 per cent.

Some recent Press comment has advocated the liquidation of SP. It has become a controversial concern, arousing the resentment of the private oil companies for what they regard as its subsidised intrusion on the market.

The company's problem is the dual purpose imposed on it. On the one hand it has to ensure the security of Sweden's supplies by concluding long-term contracts for crude oil. On the other, it is instructed to operate as a commercial business.

As a result it has been committed to taking crude oil under government-to-government contracts with such countries as Saudi Arabia, Nigeria and Mexico at prices well above those at which crude can be bought on the Rotterdam spot market. It cannot then compete in price on the products market with the private companies.

Earlier this year SP withdrew from a deal which would have given it a stake in the Brae Field in the North Sea after arranging a $350m Eurocredit to finance the venture. It blamed high UK offshore taxes for that decision.

Saltzgitter sees heavier loss

BY ROGER BOYES IN BONN

SALZGITTER, the German state-owned steel producer, expects group losses in 1980-81 to be considerably above the deficit of DM 85m ($38m) recorded last year, largely because of the severe depression in the European steel market.

Herr Ernst Pieper, head of Salzgitter, yesterday outlined some of the measures needed to stem the losses—company executives estimate that steel production is notching up between DM 10m and DM 20m in operating losses per month—and stabilise the German market.

The company is considering a programme of sales whereby subsidiaries shed "unnecessary" assets, a move which Herr Pieper believes should mobilise several hundred million D-marks. Salzgitter will also continue to seek some form of working arrangement with Krupp and Hoesch

This latter point has created disputes between the German steel industry and the Government in Bonn. Krupp and Hoesch have been discussing for several months ways of combining their steel producing divisions, or at least streamlining the units. But they will need state assistance to achieve this.

Bonn is now using this as a lever to persuade Krupp and Hoesch to incorporate Salzgitter in any future arrangement. Krupp and Hoesch are both unenthusistic about such a move.

Salzgitter, however, yesterday stressed its readiness to join in some form of collaboration and the few figures that were released by Herr Pieper yesterday help explain why.

Although group sales rose by 5.7 per cent to DM 11.59bn in the year ended September, 1981, internal calculations show that steel losses will probably amount to DM 200m.

By contrast other sections are doing relatively well.

Daf Trucks in legal battle with Harvester

By Charles Batchelor in Amsterdam

DAF TRUCKS, the Dutch commercial vehicle maker, has become involved in a legal battle with International Harvester, the loss-making U.S. truck and farm-equipment manufacturer, over a proposal by Daf which would limit the power of shareholders.

In a move which suggests that relations between the two companies have reached a new low point, Harvester yesterday applied to an Amsterdam court for an injunction preventing Daf from registering as a "struktuurvenootschap." This step would limit the power of shareholders and strengthen the position of the supervisory board, allowing it to nominate its own members. The court will announce its decision on October 29.

Harvester and the founding Van Doorne family hold 37.5 per cent each of Daf Trucks, while the remaining 25 per cent is held by the DSM group on behalf of the Dutch Government. One Harvester representative sat on the Daf's managing board between 1975 and 1980, but was not re-elected last year.

The U.S. company originally bought into Daf, hoping to make it part of a pan-European truck concern. Plans for the two companies to market each othe'rs vehicles fell through when Harvester's trucks proved unsuitable for the European market and the fall of the dollar made Daf's vehicles uncompetitive in the U.S. A proposal for technical co-operation was also shelved.

Daf is concerned at Harvester's plans to set up a factory in Spain, together with Enasa, a local truckmaker, in which it has a 35 per cent holding, to make 100,000 engines annually. The position of the two Harvester representatives on Daf's eight-strong supervisory board represents a conflict of interest, Daf sadi.

Daf denied, however, that its proposal to register as a "struktuurvenootschap" was intended to shut out Harvester. The registration, which becomes effective at the end of this month, was intended to bring Daf into line with other large Dutch concerns.

Italian hotels chain plans to go public

By James Buxton in Rome

ITALJOLLY, which operates a chain of hotels throughout Italy, is to sell 20 per cent of its equity to the public and will seek a quotation on the Milan stock exchange.

Some 4m shares will be sold for L7,000 each against a nominal value of L750. The operation should raise L30bn ($25.5m) for the promoting consortium, a group of banks which bought them from Italjolly's principal owners, the Marzotto family.

Some 800,000 shares are to be reserved for purchase by investment funds.

Italjolly operates 29 hotels in the medium to upper range of quality in 26 Italian cities. Last year it produced turnover of L60.5bn and profits of L3.3bn. This year it expects to register a turnover of L73bn and profits of L5bn.

It is planning a L20bn programme to refurbish its hotels, and intends to continue expanding abroad, a plan that began with taking over the management of an hotel in Brussels last year.

Lafarge to buy out U.S. stake in Coppee Rust

BY DAVID WHITE IN PARIS

THE FRENCH cement group Lafarge Coppee, has reached agreement with Wheelabrator Frye of the U.S. to buy out the latter's minority interest in the engineering activities of Coppee Rust, which Lafarge already controls.

The agreement marks a futher stage in Lafarge's policy of consolidating the interests it took over last year by absorbing the Belgian-based Coppee concern.

Full control of Coppee Rust will allow Lafarge to bring its international activities together with its own engineering side, active in cement plants and other sectors.

Coppee Rust, in which Wheelabrator Frye has up to now held a 49 per cent stake, is a chemical plant engineering specialist with annual turnover of around $110m and a large international order book.

The French group said it would seek "other forms of co-operation" with the U.S. partner, which earlier took control of Pullman Kellog, a direct competitor of Coppee Rust.

Financial details of the purchase agreement, which is awaiting official approval, were not revealed.

Lafarge moved last month to gain fuller control of other key interests which came under the Coppee deal—two bio-industry companies, Orsan and Eurosyline, which are seen as central to the group's new diversification policy.

The group already had two engineering subsidiaries, CEC Entreprise and Lafarge Conseils et Etudes. It said the latest move would enable it to cover the full range of plant engineering activities.

● Wheelabrator Frye, a major factor in environmental control systems and which also manufactures speciality chemicals, transportation equipment, and other products, reported sharply higher third quarter profits yesterday. Earnings advanced fom $13.4m or $1.22 a share to $25.1m or $1.32 a share, on sales up from $250.1m to $467.9m.

This brought nine-month profits to $67.7m or $3.55 a share, compared with $35.3m or $3.16 a share for the corresponding 1980 period.

Valeo in red in first half

By Our Paris Staff

VALEO, the French motor components group formerly known as Ferodo, slipped into the red in the first half of this year, M Andre Boisson, the chairman, announced in a shareholders' letter.

Weighed down above all by the results of SEV, its electrical components branch, which has been in deficit since the second half of 1980, the group showed an overall loss of FFr 111m ($20m). This compared with a consolidated net profit of FFr 46m in the first half of last year.

Group sales, at FFr 3.7bn, were marginally up but in volume terms fell 8 per cent short of last year's level.

M Boisson said that "draconian economy measures" had already begun to have an effect but that the group had to carry more than FFr 90m in extra costs for streamlining and short-time working.

Valeo's results already showed a sharp deterioration last year, when consolidated profits tumbled from FFr 217m to FFr 44m.

The parent company continued to show an operating profit in the first half-year, but its net results were FFr 25m in the red after the setting aside of FFr 54m in provisions for subsidiaries' losses. This compared with net profits of FFr 43m in the first half of 1980 and of FFr 83m for the year.

A recovery could not be reasonably expected in the remaining months of the year, M Boisson said.

Poclain profit down at mid-term

BY OUR PARIS STAFF

POCLAIN, the leading French construction equipment manufacturer which struggled with heavy losses between 1975 and 1978, has announched a drop in net earnings for the first half of this year after making special provisions against some of its international operations.

Group net profits were down to FFr 38.5m ($6.9m) from FFr 58.5m in the same period last year. This was despite an increase of almost 29 per cent in operating earnings to FFr 53.6m and a 17 per cent rise in consolidated turnover to FFr 1.56bn.

M Piere Bataille, the chairman, said that results for the year would probably be down on 1980 but that this did not call into question the recovery programme undertaken by the group in recent years.

Case-Tenesco of the U.S. took a 40 per cent stake in Poclain in 1977 and the group moved back into profit two years ago.

The company said it had reduced production schedules because of a recession in the market for hydraulic excavators, a field in which it is the world leader. It said its top 10 export markets had suffered a drop of around 20 per cent.

The special provisions were needed, it said, in order to face up to tough trading conditions in som of these markets. They would enable the group to maintain its market penetration and reinforce its position.

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BORROWER PROFILE

India shifts to commercial loans

BY R. C. MURTHY IN BOMBAY

INDIA IS FINDING its way slowly but steadily into the Euromarkets. After the $680m syndicated loan for the French-aided aluminium project in Orissa early this year, it proposes to raise a jumbo loan of $800-$1bn to finance the Paradip steel project, the contract for which has been awarded to Davy McKee.

Commercial borrowing will be a significant component of external financing in the next three years. It will not be intended to meet the balance of payments deficit—that will be taken care of by the IMF's SDR 5bn ($5.7bn) loan—but for industrial projects included in the sixth five year plan. The conservative lobby in the government fought hard against it, arguing that India should not be beholden to international banks.

The latest convert to commercial borrowing is the Reserve Bank of India, which stated in its 1980-81 annual report: "It would be necessary to explore commercial borrowing and other forms of external finance over a period to permit enduring changes to be brought about in the structure of production." The Finance Ministry has already made a beginning by permitting companies to borrow if their profitability is sufficient to absorb high interest rates. Bankers estimate commercial borrowing at around $2bn a year.

Mr R. Venkataraman, the India Finance Minister, makes no bones about his preference for the free market economy. He has encouraged industry to raise funds from the capital market, breaking away from the past trend of depending entirely on the lending institutions.

International banks are willing to lend to India, despite its balance of payments problems, for two reasons: First, the good credit rating the country enjoys and second, underutilisation of commercial borrowing opportunities in the past. The diversification to commercial borrowing is, however, also a recognition of the grim financial and economic fact that India is running headlong towards a balance of payments crisis.

Soaring oil prices and Mr Venkataraman are between them bringing about a radical change in India's attitude to borrowing on the international market. President Reagan is accelerating the process by urging the World Bank to extend the principle of co-financing to all its loans. This shift in Indian policy has arisen from the difficulty of matching capital goods and maintenance imports (mainly crude and petroleum products) to resources. The oil import bill in the year to March 1981 has swelled to a record Rs 56bn ($6.1bn), almost 47 per cent of total imports, and about 75 per cent of export earnings. The choice is between a balanced budget with zero or negative growth, and growth with external financing.

The danger signals on the balance of payments front were seen first in 1979-80, when foreign currency assets dropped by Rs 560m after several years of successive increases. Reflecting rising oil prices, the trade deficit doubled in a year to a whopping Rs 45bn in 1980-81. Invisible earnings, mainly from remittances from Indians working in the Middle East and interest earnings, increased moderately to around Rs 30bn but could not provide a cushion against the widening trade gap.

External aid flows, net of repayments, dropped to Rs 3.74bn in 1977-78, the lowest level reached in the past five years. Official aid has risen in the following years, but adjusted for world inflation, the net increase is only marginal. The Government could no longer rely, as its Janata predecessor did, on foreign exchange reserves to meet the trade deficit. If the RS 5.4bn loan from the IMF Trust Fund in August, 1980, is not included, the drop in reserves in 1980-81 was Rs 11.36bn. The present reserves are equivalent to more than five months of import cover.

The next three years will be crucial. The foreign currency needs of public and private sector industry and defence will double to an annual average of Rs 20bn, says Mr S. Kumarasundaram, joint managing director of industrial credit and Investment Corporation of India.

In the long-term, the Government hopes to resolve the balance of payments problem by achieving self-sufficiency in oil. A resource crunch is forecast as a result of the massive investment in oil exploration, production and development projects envisaged in the sixth plan. The strategy for meeting the trade deficit in the medium term, as unfolded to the IMF for the SDR 5bn, is three-fold.

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- Reduce the budgetary deficit by 25 per cent of the estimated Rs 15.39bn in 1981-82.
- External payments current account deficit to be cut from 2.2 per cent of gross national product to 1.5 per cent. The debt servicing ratio, which was 15 per cent of export earnings in 1980-81, is to be brought down to 13 per cent.
- Restrict crude oil imports by accelerating production onshore and offshore. The share of domestic oil and total consumption is to go up from 40 per cent in 1980-81 to 70 per cent in 1984-85.

The chances of the strategy succeeding are rated high. A resumption of crude oil flows from Assam, where civil strife disrupted oil production last year, and increased availability from the Bombay High offshore fields, are expected to reduce crude imports by 2m tonnes in 1981-82 and petroleum products by 2.5m tonnes with a combined value of Rs 14bn. But this saving is unlikely to result in a drop in the trade deficit, since the full impact of successive oil prices increases in 1980-81 will be reflected in 1981-82.

But Bombay High oil production is projected to go up from 12m tonnes this year to 19.5m tonnes in 1984-85, the final year of the sixth plan. Crude imports will then be pegged at the current level of 14m tonnes, although a provision is made for a 6 per cent compound growth in petroleum products consumption.

INDIA'S BORROWINGS (RUPEES BN)

Year ended March 31	Gross external borrowings	Repayments	Net Receipts	Outstanding external debt
1975	8.57	3.07	5.50	64.21
1976	14.15	3.44	10.71	74.89
1977	13.76	3.70	10.06	86.11
1978	8.03	4.29	3.74	89.85
1979	8.43	4.70	3.83	93.73
1980	9.94	4.10	5.84	98.99
1981	12.26	4.08	8.18	112.39*
1982†	14.20	4.20	10.00	—

* Includes borrowings of Rs 5.4bn from IMF Trust Fund.
† Projections given in Indian government budget for 1981-82.
Source: "Currency and Finance" Report 1980-81 of Reserve Bank of India and Government of India Budget 1981-82.
Figures in column 4 do not tally with those in column 5 which includes receipts and payments for assistances under PL-480 of the U.S.

Carrian wins shipping group

By our Hong Kong Correspondent

CARRIAN INVESTMENTS, the Hong Kong property, banking, finance and the travel group, has succeeded in taking control of Grand Marine Holdings.

Carrian's general offer of HK$7.60 for each Grand Marine share—valuing the company at HK$773m (US$129m) — has been declared unconditional as a result of the purchase of 47.39m shares from the principal shareholders, Jardine Matheson and the Li family, and 1.02m shares through its offer. Carrian now owns 47.6 per cent of Grand Marine.

$116m microchip plant at NEC

BY RICHARD HANSON IN TOKYO

NIPPON ELECTRIC COMPANY (NEC), Japan's largest maker of semiconductors, has disclosed plans to build a Y27bn ($116m) assembly line to produce large-scale integrations (LSIs). It claims the plant will be the largest of its kind in the world.

The company has already started construction of the plant, due for completion in 1983, at Sagamihara, near Tokyo. It will be capable of producing 60,000 silicon wafers a month, enough for about 10m chips. Initial production will centre on the 64K-RAM (a random access memory capable of storing some 64,000 bits of information)—the generation of very large scale integrations just coming into commercial use.

The plant at Sagamihara, already manufactures switching systems and some LSIs. The new line will cost more than twice as much, and will have three times the capacity, of NECs largest assembly line now in operation.

NEC produces a total of about 20m chips a month, including 3m of the 16K bit variety, currently the most widely-sold memory chip in commercial production. Production of the next generation of 64K RAMS is scheduled to start up at NEC later this year or early in 1982. Japan's other semiconductor makers have similar plans.

NEC calculates that the 64K RAM it will produce at Sagamihara, along with other electronic devices, will have a peak commercial life span of about four years. By that time the company expects to have ready for production at the new plant a commercial model of the 256K RAM (a random access memory able to store some 256,000 items of information).

Bid for Unisec may be revived

By Jim Jones in Johannesburg

THE UNSUCCESSFUL bid which earlier this year resulted in Sage Holdings, the South African investment company, acquiring 17 per cent of investment holding company Unisec, could be revived following a court decision.

In May, in an effort to gain control of Unisec, Sage challenged in court the right of various companies to exercise votes on the Unisec shares they held. The basis for this was that the companies concerned were effectively subsidiaries of Unisec and therefore debarred from voting their shares.

Sage's application has now been upheld in a judgment which has new implications for interpretation of what is meant by control in terms of the South African Companies Act. The court has adjudged that two companies, Newstock and Billhawk, are subsidiaries of Unisec as the latter effectively controls the composition of their board.

Under the circumstances the vote attaching to 3m Unisec shares—6 per cent of its capital—held by Billhawk and Newstock cannot be exercised.

Only the votes attaching to 39m Unisec shares not held by Unisec subsidiaries can be exercised and this puts Sage marginally closer to its objective of obtaining voting control of Unisec.

Dow higher at midsession

PRICES on Wall Street pointed higher at mid session as leadership shifted to stocks with bullish corporate news.

After slipping more than 11 points last week and another 4.5 points on Monday, the Dow Jones Industrial Average was ahead 4.28 to 851.41 at 1 pm. Advances outnumbered declines by two-to-one. Volume totalled 26.9m shares compared with 29.4m at 1 pm on Monday. The NYSE All Common Index was up 0.49 at $69.51.

Improved corporate earnings statements spurred interest in selected shares, but analysts said the market still faced problems connected with high interest rates and a recessionary economy.

Repeating what President Reagan stated, presidential economic adviser Jerry Jordan told Congress he expects gross national product to be flat or slightly down in the fourth quarter. However, he said it should show some recovery in the first quarter of next year.

Reagan had admitted publicly for the first time last weekend that the U.S. was in a slight recession.

Digital Equipment gained $2¼ to $96¾ following improved earnings for the first fiscal quarter. However, the company said it is experiencing a slowing in some of its businesses in the U.S. and Western Europe.

Kellogg and Celanese added fractions after reporting higher third quarter earnings.

Among the heavily traded issues, Sony added $⅛ to $17¼ on nearly 0.5m shares. Northwest Industries climbed $1⅜ to $55 on 180,000 shares, IBM added $¼ to $51⅜ on 185,300 shares and Tandy Corp. was ahead $⅝ to 34 on 224,000.

Prices on the American stock exchange also moved higher. THE AMERICAN S.E. Market Value Index gained 2.59 to 303.37 at 1 pm on volume of 2.35m shares (1.6m).

Gulf Canada picked up $⅞ to $16¼, but Dome Petroleum, which headed the most active list, surrendered $⅜ to $10¼ on 146,000 shares. Alaska Air eased $¼ to $6⅜.

Canada

Stock prices were slightly lower at mid-session while the Toronto composite index retreated 4.9 to 1,890.5 on volume of 2.84m shares. Declines led advances 169 to 141.

Nine of the 14 indices declined, paced by the Golds off 51.9 to 3,472.9 and Real Estate 49.1 to 5,754.4.

Maclean Hunter fell ½ to $10, Dome Petroleum was off ⅜ to C$12⅜ and Gulf Canada was up ⅜ to C$19¼.

Tokyo

The Tokyo stock market broke a five-day run of steep declines yesterday, but only after plunging in early trading to a seven month low. The Nikkei Dow index ended the day with a Y33.27 gain to Y7,109.92.

At one point in early trading the index had fallen below the Y7,000 level in more active trading than seen in several days. Turnover was 330m shares.

The low point of the day was nearly 8 per cent below where the index stood early last week. The biggest daily drop—Y154.77—occurred on Monday this week, the third largest drop of the year.

The market appears to have suffered from a combination of jitters. Last week investors worried over a rise in international tensions and a drop in the New York market.

Later attention focused on the internal Tokyo problems of still bloated margin debts and a flood of new equities into the market. Despite the sharp falls in prices recorded since a peak in August, the balance of margin debts has remained near record highs of about Y1,800bn.

Some of the selling recently has reflected liquidations under maintenance calls.

Honda saw 6.16m of its shares change hands during the day. It went up Y89 by the time the market closed.

Australia

Bargain-hunting among major resource stocks helped lift the share market off a 16-month low but trading remained cautious as traders took note of President Reagan's admission that the U.S. economy is in a slight recession, dealers said.

BHP, recently depressed, led the turnaround with a 26 cent rise to A$10.10 after opening at A$9.74 its lowest price in more than two years.

The Sydney all ordinaries index rished 0.6 up at 565.3 after being down about four points in early trading.

Among Industrials ICI scored an 8 per cent gain at A$1.68. It earlier announced it was deferring plans to build a A$500m petrochemical complex in Victoria.

Elsewhere, CSR was steady at A$4.35, CRA added 5 to A$3.20, MIM was 7 cents up at A$3.55, Peko dropped 20 cents to A$5.80 and WMC fell 6 cents to A$4.22.

Bougainville advanced 9 cents to A$1.24, Woodside was 2 stronger at A$1.23, the Bank of NSW retreated 3 to A$2.85 and the ANZ Bank was steady at A$5.00.

Hong Kong

The Stock Market closed unchanged to slightly lower, with both buyers and sellers adopting a wait-and-see attitude in the absence of fresh factors.

Trading was quiet throughout the session. The Hang Seng Index fell a marginal 3.15 to 1,227.72 following Monday's 18.6 decline.

Less institutional interest was shown in the market and prices fluctuated on sporadic interest only.

Among the leaders, Cheung Kong fell 10 cents to HK$18.70, as did Hongkong Wharf and Hutchison Whampoa to HK$5.30 and HK$15.20 respectively.

Swire Pacific "A" rose to HK$11.10 from HK$10.90 nominal while both Hongkong Bank and Hongkong Electric ended unchanged at HK$18.60 and HK$4.85.

Secondary shares were little changed. Carrian Investment lost 15 cents to HK$7.40 while Sun Hung Kai Properties advanced to HK$9.15 up 15 cents.

Johannesburg

Gold shares closed easier in line with the bullion price but firmed slightly in late trading after sharper falls during the morning.

Producer price falls outnumbered gains by two-to-one. ERPM fell 50c to R19.75 after announcement of losses in Monday's Rand Mines quarterly report. Mining Financials followed the downward trend with only four gains to 16 losses. In Diamonds, De Beers eased 3 to R8.60.

Industrials closed mixed to firm, with the stores sector particularly strong.

Germany

Share prices closed mixed after a firmer start as buying orders dried up and the market grew quiet.

The Commerzbank index rose 1.6 to 682.7 reflecting in part the early sentiment. Both Basf and Bayer came off opening highs, with Basf up DM 0.40 from Monday's close at DM 135.20, while Bayer slipped 0.20 to DM 119.30. Hoechst, however, closed at its day's high of DM 120.40, up 2.20.

Daimler, which opened DM 3.80 higher on strong buying, closed up only one at DM 331, while VW gained 0.30 to DM 127.30 and BMW 0.50 to DM 175.50.

Preussag slipped from its higher opening to close unchanged at DM 206.50. Dealers said the market appears to be waiting to see if Preussag will revise its bid for the outstanding 21 per cent of Amalgamated Metal Corp following Monday's rival bid from the Malaysian state investment company.

Banks were generally firmer, with Dresdner up 0.90 at DM 131.80 and Commerzbank up 0.30 at DM 126.50.

Closing prices for North America were not available for this edition.

Indices

NEW YORK —DOW JONES

	Oct. 19	Oct. 16	Oct. 15	Oct. 14	Oct. 13	Oct. 12	1981 High	1981 Low	Since Cm'pil't. High	Since Cm'pil't. Low
◆Industr'ls	847.13	851.69	866.26	850.65	855.58	869.48	1024.05 (27/4)	824.01 (25/9)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me Bnds.	56.56	56.75	56.90	57.01	57.14	57.06	65.78 (15/1)	54.99 (1/10)	—	—
Transport..	364.77	365.71	365.77	363.71	370.62	371.88	447.38 (16/4)	335.48 (25/9)	447.38 (16/4/81)	12.25 (8/7/32)
Utilities	102.89	103.08	103.49	103.16	104.46	104.05	117.81 (6/1)	101.28 (28/9)	163.32 (20/4/69)	10.5 (28/4/42)
Trading Vol 000·†	41,590	37,800	50,030	40,260	46,070	38,950	—	—	—	—

◆Day's high 853.88 low 840.09

Ind. div. yield %	Oct. 9	Oct. 2	Sept. 25	Year ago (approx)
	6.30	6.34	6.68	5.66

STANDARD AND POORS

	Oct. 19	Oct. 16	Oct. 15	Oct. 14	Oct. 13	Oct. 12	1981 High	1981 Low	Since Cmpil't'n High	Since Cmpil't'n Low
Indust'ls	132.89	133.24	133.82	132.85	135.18	135.64	157.02 (6/1)	128.49 (24/9)	160.96 (28/11/80)	3.52 (30/6/32)
Composite	118.98	118.19	118.71	118.88	120.78	121.21	138.12 (6/1)	115.01 (24/9)	140.52 (28/11/80)	4.40 (1/6/32)

	Oct. 15	Oct. 7	Sept. 30	Year ago (approx)
Ind. div. yield %	5.33	5.27	5.50	4.37
Ind. P/E Ratio	8.11	8.29	7.94	9.29
Long Gov. Bond yield	14.08	14.10	15.08	11.41

NY. S.E. ALL COMMON

Oct. 19	Oct. 16	Oct. 15	Oct. 14	1981 High	1981 Low
69.02	69.13	69.39	68.97	79.14 (6/1)	64.96 (25/9)

Rises and Falls

	Oct. 19	Oct. 16	Oct. 15
Issues Traded	1,891	1,861	1,867
Rises	598	661	772
Falls	898	793	684
Unchanged	401	407	411
New Highs	11	18	—
New Lows	55	38	—

MONTREAL

	Oct. 19	Oct. 16	Oct. 15	Oct. 14	1981 High	1981 Low
Industrials	320.55	325.07	322.47	320.98	408.68 (27/5)	310.21 (25/9)
Combined	304.06	306.25	304.98	303.76	375.28 (15/6)	295.97 (25/9)
TORONTO Composite	1,895.4	1,910.4	1,905.6	1892.1	2578.8 (10/4)	1812.48 (25/9)

	Oct. 20	Oct. 19	Oct. 16	Oct. 15	1981 High	1981 Low
AUSTRALIA All Ord. (1/1/80)	565.3	584.7	572.0	577.5	787.3 (6/4)	563.5 (28/9)
Metal & Minrls (1/1/80)	445.6	—	454.9	458.8	756.2 (7/1)	455.0 (28/9)
AUSTRIA Credit Aktien (2/1/62)	54.61	54.62	54.77	54.79	66.45 (6/1)	53.64 (15/10)
BELGIUM Belgian SE (31/12/63)	71.48	72.16	72.48	72.55	86.15 (17/2)	68.55 (18/6)
DENMARK Copenhagen SE (1/1/73)	114.56	114.48	114.70	114.61	119.00 (25/8)	95.88 (2/1)
FRANCE CAC General (29/12/61)	91.50	92.10	91.60	91.70	112.5 (17/3)	77.3 (15/6)
Ind Tendance (31/12/80)	98.50	99.20	99.50	99.0	108.3 (10/3)	79.2 (12/6)
GERMANY FAZ-Aktien (31/12/58)	225.31	222.91	224.66	225.88	243.47 (5/7)	215.88 (9/2)
Commerzbank(Dec1953)	682.70	681.10	686.10	691.8	749.0 (3/7)	666.4 (16/2)
HOLLAND ANP-CBS General (1970)	82.50	82.40	83.3	82.20	96.8 (20.8)	78.5 (28/8)
ANP-CBS Indust (1970)	64.50	64.70	65.1	64.40	75.4 (22/6)	62.0 (28/9)
HONG KONG Hang Seng Bank (31/7/64)	1227.72	1230.87	1249.7	1265.72	1810.20 (17/7)	1113.77 (5/10)
ITALY Banca Comm Ital (1972)	172.22	174.82	176.97	179.96	292.85 (5/6)	166.44 (24/7)
JAPAN** Dow Average (16/5/49)	7109.92	7076.65	7231.42	7362.49	8019.14 (17/8)	6956.52 (13/3)
Tokyo New SE (4/1/68)	528.95	526.75	536.81	545.23	603.92 (17/8)	495.79 (5/1)
NORWAY Oslo SE (1/1/72)	127.45	126.61	128.06	125.65	145.72 (6/8)	110.34 (3/6)
SINGAPORE Straits Times (1966)	643.54	642.75	649.75	651.75	973.26 (25/6)	615.26 (1/9)
SOUTH AFRICA Gold (1958)	—	711.3	713.6	708.1	797.6 (7/1)	473.6 (6/7)
Industrial (1958)	—	708.7	708.1	707.0	706.1 (15/10)	557.2 (5/2)
SPAIN Madrid SE (30/12/80)	129.80	131.20	131.25	132.0	146.15 (8/9)	100.46 (2/1)
SWEDEN Jacobson & P. (1/1/58)	554.74	556.05	556.71	(u)	680.31 (10/6)	404.17 (28/1)
SWITZERLAND SwissBankCpn. (31/12/58)	(u)	250.20	255.5	255.00	304.2 (2/4)	248.5 (2/10)
WORLD Capital Intl. (1/1/70)	—	137.6	138.7	140.6	162.6 (6/1)	155.8 (28/9)

(**) Sat Oct 17 (c)

Base values of all indices are 100 except Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 industrials. § 400 industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Crown-Zel	1,419,000	27⅛	+ ⅛	S. Fe Intl.	481,100	44	+1
Sony	831,400	16½	− ⅛	Gen. Motors	423,400	40⅛	− ⅛
Westg. Elc.	760,300	24⅞	−1	Cooper Ind.	420,800	46½	—
IBM	729,500	51⅛	—	Exxon	419,700	30⅜	+ ⅛
St. Oil Ind.	551,400	47½	−1⅛	Mobil	375,500	26	− ⅛

COMMODITIES AND AGRICULTURE

هكذا من الأجل

Fall seen in Australian farm exports

CANBERRA—Lower prices will cut the total value of Australia's farm exports to A$7.90bn in 1981/82 (July-June) from A$8.16bn last year, the Bureau of Agricultural Economics (BAE) said here yesterday.

This fall will be in spite of a smal lincrease in overall export volume, it said in its latest Trends in Australian Agricultural Commodities.

The new forecast compares with its June prediction that rural exports would be worth $8.40bn.

Gross farm returns are put at a record $A12.45bn, slightly above the June forecast of $A12.37bn and the 1980/81 total of $A11.47bn.

Farm costs are seen rising to $A8.20bn against $A8.17bn and $A7.29bn previously, leaving rural output valued at a net $A4.25bn against $A4.20bn and $A4.18bn.

Assuming an inflation rate of 10.5 per cent, the real net value of rural production will be 8 per cent lower in the current year than in 1980/81, the BAE said. Reuter.

Better prospects for wheat

CANBERRA—Export prices for wheat from the current Australian wheat crop are expected to average A$155 per tonne in the year to the end of June, marginally above last year's average, the Bureau of Agricultural Economics (BAE) said.

The prospects for upward price movements remain limited by the large wheat crop in exporting nations, the BAE noted in its latest "Trends in Australian Agricultural Commodities" quarterly for September.

The BAE forecast the current crop will produce 15.3m tonnes against last year's drought affected 10.9m. Australian wheat exports in 1981-82 to end June are seen reaching 11.50m tonnes after 10.63m in fiscal 1980-81, BAE added.

● Sugar output in fiscal 1981-82 to end of June will be a record 3.57m tonnes 94 net titre (raw value), compared with 3.38m last year, the bureau said. It noted this is slightly below its June estimate of 3.60m but gave no reason.

The cane harvest estimate remains 26m tonnes against last season's 24.05m. Reuter.

Cocoa falls as pact hopes fade

BY RICHARD MOONEY

COCOA PRICES fell heavily yesterday as hopes that the International Cocoa Agreement might soon become an effective force in stabilising the market began to fade.

The pact, which began price support operations at the beginning of this month, has so far not even looked like getting a grip on the market. But the prospect of the buffer stock manager being granted powers to borrow money to finance further buying at an ICCO executive committee meeting yesterday has steadied the market in recent days.

First reports from the meeting were far from encouraging though, and general selling wiped £95.50 off the March London futures price, taking it down to £1,177 a tonne.

Support buying started on October 1 with the futures price standing at a little over £1,300 a tonne. Within a week the price has slipped to £1,170 as it quickly became apparent that existing funds—equivalent to an estimated 90,000 tonnes of cocoa—would not be sufficient to steady a market which was being depressed by a historically high world stock level of more than 500,000 tonnes.

Hopes that further buying power might result from yesterday's meeting, triggered automatically by the failure of earlier buying to lift the market to the 110 cents a lb "floor" level, had lifted prices somewhat over the past week.

The buffer stock has a buying ceiling of 250,000 tonnes and while it was thought unlikely that sufficient borrowing power would be granted to enable purchases on this scale, a significant addition was expected in the market.

So when early reports from ICCO headquarters spoke of extreme acrimony over the buffer stock's performance so far and said the meeting had quickly split up into producer and consumer groups, market disappointment was acute.

A £40 permissible limit fall was quickly established and after the mandatory trading break further falls were registered. By the time the market closed there was still no sign of any positive action from the meeting.

UK meat shortage feared

FINANCIAL TIMES REPORTER

BRITAIN'S farmers yesterday feared that escalating industrial action by meat inspectors at abattoirs in England and Wales could lead to "very serious problems."

The 620 meat inspectors employed at more than 1,000 abattoirs have decided to step up their six-week long work-to-rule in support of a demand for regrading.

This would give them pay rises of up to 24 per cent — twice what the local authority employers have offered.

The men are also canvassing support for further action, including selective strikes, which would soon have a serious impact on meat supplies.

The inspectors have said they will apply inspection rules at slaughterhouses more stringently which will further reduce the number of animals being killed.

They have also said they will spend more time looking at animal welfare and hygiene.

At present their action has led to a drop of about 4 per cent in meat supplies nationally, but the position has been cushioned by large coldstore and frozen meat supplies and regular imports.

Inspectors in Scotland and Ireland are working normally and abattoirs there are trying to meet extra demand.

Yesterday the National Farmers' Union said: "Any further action could lead to very serious problems for livestock producers, especially farmers with intensive rearing units."

The NFU said that pig farmers could be particularly badly hit.

Transporting animals to more distant abattoirs could also cause serious problems.

The National Federation of Meat Traders, which represents the high street butcher, said supplies generally had not been hit, but there had been some quite serious local difficulties.

"Obviously if the action is escalated, or strikes are called, the situation will become very much more serious."

Soviets to be offered U.S. beef

By David Lascelles in New York

DR ARMAND HAMMER, the chairman of Occidental Petroleum and a leading light in East-West trade, hopes to be able to clinch a deal to sell beef to the Soviet Union to ease the meat shortage there.

Dr Hammer said in an interview with the Wall Street Journal published here yesterday that he plans to visit Moscow next month to pursue conversations he has already had with Soviet officials.

Earlier this year, the petroleum company made a takeover bid for Iowa Beef Processors, the largest meat processing company in the U.S. and is now actively seeking wider markets for its new subsidiary. The Soviet Union, which appears to be heading for its fourth bad harvest in a row, is facing a serious food shortage and has been stepping up imports of grain and meat.

Occidental already has one of the closest relationships with the Kremlin of any large U.S. corporation. Under a 20-year agreement, the company is receiving basic chemical materials from the Russians in exchange for superphosphoric acid, a key ingredient for fertilisers.

In his interview, Dr Hammer declined to speculate whether his meat deal will be financed by barter or cash, though he said the Russians are currently paying cash to other meat exporting countries.

Taiwan first rice harvest output down

TAIPEI — Taiwan harvested 1.24m tonnes of brown rice during the first rice crop, the Taiwan Provincial Food Bureau reported.

This compared with a harvest of 1.35m tonnes in the same period last year, Huang Chinfeng, director of the bureau, told Reuters.

He attributed the decline in rice production to earlier damage to rice plantations caused by typhoon flooding.

Huang forecast this year's rice production may fall considerably short of the target of 2.3m tonnes. Last year, Taiwan's rice output exceeded 2.35m tonnes.

Butter men fight back

BY OUR COMMODITIES STAFF

BUTTER MANUFACTURERS have launched a fierce attack on margarine promotion methods in an attempt to win back UK customers who they claim have been "positively misled" into thinking margarine in healthier, more natural and less fattening than butter.

The Butter Information Council, representing Danish, Irish, Dutch, New Zealand and UK butter producers, said yesterday its campaign, spearheaded with national newspaper advertising, aimed to "correct widespread misunderstandings of consumers about the nature and properties of spreads which compete against butter."

It said there was great ignorance about margarine ingredients. While fish oil actually accounted for half of all ingredients used in making margarine research showed that only one person in a hundred realised fish oil was used at all.

In a leaflet entitled "Butter v Margarine—the Facts," the Council noted that while some margarine manufacturers state on labels which oils are used others say only that their products are made only of vegetable oil or even "edible oil."

Tallow

Flora is not made entirely of sunflower oil but "with" sunflower oil it says, and Krona contains up to 30 per cent tallow—fat rendered down from animal carcases.

Brands which do not specify 10 per cent vegetable oil probably contain between 50 and 100 per cent fish oil, the Council claims.

"It is clear that since vegetable oil is the only ingredient ever specified on a margarine pack, consumers tend to assume that all margarines are made out of vegetable oil," it adds.

The Council further points out that some researchers believe there are links between so-called trans-fats, which are present in some margarines, and cancer. Though it admits there is no proof of this, it says there should be concern about introducing entirely new forms of food into the diet in relatively large quantities.

The campaign is designed to win back butter's market share. Until the middle 1970s it had 60 per cent to marge's 40, but this position has been reversed.

Ethiopia to expand coffee farming

ADDIS ABABA—Ethiopia is to increase the size of its coffee farms to 300,000 hectares over the next 10 years from 200,000 hectares at present, the minister for coffee and tea development, Commander Yehualshet Giram, said this week.

He said the programme was aimed at modernising existing farms and would reduce the gap between regions with rapid economic growth and those which expanded more slowly.

The minister said that in the 1981-82 season the capacity of seven coffee cleaning machines would be improved and three more would be built.

Around 110 kms of new roads would also be built connecting remote coffee farms with the main highways, he added. Reuter

WOOL

The case for higher floor prices

BY A CORRESPONDENT

SINCE WOOL auctions resumed in the southern hemisphere a few weeks ago, Australia and New Zealand have been criticised in some quarters for having set minimum limits their reserve price schemes at levels where the objective seems to be to influence the market as a whole rather than simply deal with extremes.

In London last week, Dr Lionel Ward, a senior official of the Australian Wool Corporation, which advises the Government of that country on floor prices, conceded that the rises in the minimum figure this season from 365c to 410c a kilo was probably larger than some processors would like, but, so far as growers were concerned, it provided the means for keeping the market roughly where it had finished last season.

The corporation foresaw that conditions would remain recessionary at least in the first half of the current season, and expected to be supporting the market more strongly than usual. Had it not done so, prices so far for 1981-82 would have been considerably lower.

The latest criticisms follow others last season when the AWC was operating what it calls its "flexible reserves" for much of the year. With the basic floor price well below the market rate, flexibles were invoked from time to time to prop up values when they began to sag.

The result was that the AWC was sometimes buying from 6 per cent to 10 per cent of wool on offer instead of the more usual 2 or 3 per cent. Even so, today's Australian stockpile is only about 250,000 bales, or the minimum needed for successful operation of the scheme. The AWC's claims not to have been discomfited by even last week's buy-in of 23 per cent.

From 1974-75, the first year of the so-called Government-backed wool price plan in Australia, reserves were close to the market for three seasons, and between 1977-78 and now consumption around the world has exceeded production, both supplier and user stocks declining.

Producers argue that this situation cannot continue and that the only way to deal with it is by means of price—to permit some degree of substitution for wool by synthetics if necessary—and to induce growers to lift production, which in Australia has been declining slightly.

In Australia, production of beef used to be the alternative to that of wool, but two other factors have supervened. One is the increase in grain production, now double what it was 10 years ago. The other is a change of pattern within the sheep industry itself, with many more live animals being exported.

Last year 6m sheep left Australia on the hoof, chiefly for the Middle East, and this trade eats, as it were, directly into wool production because Arab consumers prefer Merinos for meat to the "fat lamb" breeds developed for carcass.

Future wool output is being further mortgaged by the fact that whereas tastes for the "sweeter" Merino meat were once satisfied by supplying surplus older animals, these days prime young ones are being consigned in larger and larger numbers to the pot. Eight years ago, out of every dollar the average Merino earned, 70 cents was for wool and 30 for meat. Now the proportions are 50.50.

Against this background, and in view of the fact that proceeds for Australian wool last season were some 10 per cent up on the record of the one before, producers see nothing strange in having raised floor prices for the finer apparel wools this season by 12-15 per cent.

For coarser wools the Australian rise was a token 1 per cent — partly reflecting the growth in New Zealand's production of such types. The raising of the NZ floor price from 215c to 250c a kilogram — actually 2.5c higher than the average for all wool sold from that source last season — has also been questioned, and in New Zealand's case as in Australia's the point has been made that prices have lately been not so much at the mercy of supply and demand as influenced by international currency fluctuations.

With output at record levels, NZ strong-wools are not in short supply and the threat of synthetic substitution in the carpet manufacture for which NZ wools are mostly used has grown with the appearance of a new generation of super-nylon.

A subtler effect of present floor price levels for which producers might be more willing to accept some criticism is that when the reserves are as close to the bidding as they are at present, they could inhibit dealing in "futures," growers having less reason to hedge on their own account when the process is to a degree performed collectively for them, and speculators losing some of the market volatility on which their activity depends.

Floor prices or not, however, the advantages offered by "futures" are reflected in a growth of trading on the London Wool Terminal Market since a new crossbred wool contract was introduced a year ago to extend London dealing to New Zealand and permit it to take place around the clock.

BRITISH COMMODITY MARKETS

BASE METALS

Lead and Zinc continued to move ahead on the London Metal Exchange following renewed physical interest and short covering. Lead touched £389 before closing at £383 while Zinc was finally £489, after the £494 level brought out sizeable profit-taking. Copper closed at £928.5, after £932, reflecting the weak opening on Comex. Physical interest narrowed the contango in Tin; three months held at £8,350 following further heavy support buying. Nickel encountered heavy profit-taking on the late Kerb to close at £3,027.5 having touched £3,070 earlier in the day on short covering and general buying interest.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	901.5-2	+3.75	898.5-9.5	+2.5
3 mths	930.5-1	+5.25	927.5-8	+2
Settlem't	902	+3.5	—	......
Cathodes				
Cash	895-.5	+2.75	895-6	—1.5
3 months	925-6	+4.25	922.5-3	+5
Settlem't	898.5	+2.5	—	......
U.S. Prod	—	—	*68.7-86	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £901.5, three months higher grade £927.5, 28, 28.5, 29, 3, 31, 32, 31.5, 32, 31.5, 31. Cathodes, cash £898. Kerb: Wirebars, three months £931, 31.5. Afternoon: Wirebars, three months £930.5, 30, 30.5, 41, 28.5, 29, 28.5, 29, 28. Cathodes, three months £923. Kerb: Wirebars, three months £929, 28.5, 28, 27.5, 28. Turnover: 14,500 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	8125-30	—25	8130-40	+12.5
3 months	8350-1	—2.5	8350-1	—4.5
Settlem't	8130	—21	—	......
Standard				
Cash	8125-30	—25	8130-40	+12.5
3 months	8350-1	—2.5	8350-1	—4.5
Settlem't	8130	—21	—	......
Straits E.	1836.60	—		......
New York	—	—		

Tin—Morning: Standard, cash £8,115, 25, three months £8,355, 51, 5, 55, 51, 5. Kerb: Standard, three months £8,351. Afternoon: Standard, three months £8,350. Turnover: 1,430 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	377.5-8	+4.25	378-9	+9
3 months	387-.5	+4	387-.5	+8
Settlem't	378	+4	—	......
U.S. Spot	—	......	*38-42	......

Lead—Morning: Cash £377.5, three months £385, 84, 85, 86, 87, 88, 87. Kerb: Three months £385, 87, 87.5, 88, 89. Afternoon: Cash £379, three months £387, 87.5, 87. Kerb: Three months £387, 86, 86.5, 88, 83. Turnover: 11,875 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	478-.5	+5.75	478.5-9.5	+7.5
3 months	492-.5	+2	493.5-4	+7.12
S'ment	478.5	+5.5	—	......
Primw'ts	—	—	*45.5-50	......

Zinc—Morning: Cash £478.5, three months £493, 92, 91.5, 92, 92.5. Kerb: Three months £492.5. Afternoon: Three months £492.5, 93, 93.5, 94, 93, 94, 93.5, 94. Kerb: Three months £493, 92, 91, 90, 89. Turnover: 9,800 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	617-8	+1.25	620-1	+3.25
3 months	644-5	+1	647.5-8	+3.5

Aluminium—Morning: Three months £646, 45, 44. Kerb: Three months £644. Afternoon: Three months £645, 46.5, 47.5, 48. Kerb: Three months £647.5. Turnover: 24,550 tonnes.

Nickel—Morning: Cash £30, 5, 30, 2,995, three months £304, 35, 4, 45, 5, 55, 5. Kerb: Three months £3,045. Afternoon: Three months £3,050, 55, 60, 65, 70. Kerb: Three months £3,065, 60, 50, 40, 30, 35, 30, 25. Turnover: 1,248 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	2990-5	+72.5	3030-40	+70
3 months	3045-50	+55	3065-75	+57.5

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

Silver was fixed 5.95p an ounce lower for spot delivery in the London bullion market yesterday at 502.75p. U.S. equivalents of the fixing levels were: spot $9.23, down 13.3c; three-month $9.583, down 14c; six-month $9.951, down 15.3c; and 12-month $10.699, down 20c. The metal opened at 498-503p ($9.17-9.27) and closed at 501-505p ($9.15-9.25).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	502.75p	—5.95	504.5p	+7.5
3 months	521.55p	—6.55	522.75p	+7.0
6 months	540.25p	—7.25	—	......
12months	578.75p	—7.95	—	......

LME—Turnover 85 (147) lots of 10,000 ozs. Morning: Three months 522, 22.5, 21.5. Kerb: Three months 522, 21.5. Afternoon: Three months 521, 21.5, 21, 22.5, 23, 23.5, 23. Kerb: Three months 522.

COCOA

Futures fell sharply as commission house long liquidation and heavy selling by chartists depressed prices. Market sentiment was aided by reports of indecision at the ICO talks concerning the finances of the buffer stock, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
Dec	1179-81	—98.5	1280-172
March	1175-79	—95.5	1273-171
May	1180-82	—91.0	1271-175
July	1176-78	—94.0	1257-180
Sept	1179-80	—93.0	1261-179
Dec	1160-88	—94.5	1256-15
March	1180-205	—9.5	—

Sales: 5,727 (2,560) lots of 10 tonnes.

ICCO—Daily price for October 20: 96.05 (102.61): indicator prices for October 21: 100.75 (101.79).

COFFEE

An unchanged opening attracted very little interest as prices consolidated within a narrow trading range, reports Drexel Burnham Lambert. Losses were registered before an encouraging New York opening together with commission house buying provided for a steadier market.

COFFEE	Yesterday's Close (£ per tonne)	+ or —	Business Done
Nov	1099-02	+8.5	1100-82
Jan	1109-10	+9.0	1110-88
March	1109-10	+8.0	1111-90
May	1105-08	+12.0	1109-90
July	1097-03	+4.0	1094-90
Sept	1100-08	+14.5	1095-90
Nov	1090-15	+14.5	—

Sales: 2,284 (2,380) lots of 5 tonnes.

ICO 1979 Indicator prices for Oct 19 (U.S. cents per pound): Comp daily 117.29 (117.86): 15-day average 116.40 (116.20).

GAS OIL FUTURES

Prices moved in a two dollar range for most of the day, showing little reaction to the OPEC news, before rallying on the close, reports Premier Man.

Month	Yesterdys close ($ U.S. per tonne)	+ or —	Business Done
October	313.50	+0.50	315.50-13.50
November	318.50	+1.50	318.50-18.00
December	320.75	+2.00	320.75-18.50
January	322.50	+1.00	322.50-21.00
February	324.00	+0.25	324.00-23.00
March	324.57	—0.75	324.50-24.00
April	325.75	—	—
May	326.00	—	326.25-26.00
June	326.25	—0.75	326.00-26.00

Turnover: 857 (606) lots of 100 tonnes.

GRAINS

The market opened slightly higher on old crops and unchanged on new crops. Commercial and speculative buying found shipper selling in barley. Wheat found very little interest except for commercial and merchant buying in November, Acli reports.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterday close	+ or —
Nov	105.60	—	99.90	—0.20
Jan	108.95	—0.30	103.80	—0.25
Mar	112.50	—0.40	107.30	—0.35
May	116.50	—0.35	111.00	—0.50
July	119.95	—0.40	—	—
Sep	106.40	—	100.60	—0.05

Business done—Wheat: Nov 106.00-105.50, Jan 109.35-108.90, March 113-15-112.50, May 117.05-116.50, July 120.30-119.95, Sept 106.40 only. Sales: 173 lots of 100 tonnes. Barley: Nov 100.30-99.90, Jan 104.15-103.85, March 107.75-107.30, May 111.35-111.05, Sept 100.60 only. Sales: 259 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 2 14 per cent Oct 113.75, Nov 116.50, Dec 117.00 transhipment East Coast sellers. English Feed fob Nov 110.50 seller East Coast. Oct 109.25 paid East Coast. Maize: French Nov 127.50 transhipment East Coast sellers. S. African White Nov 86.25 seller. S. African Yellow Nov 86.25 seller. Barley: English Feed fob Oct 103.50 East Coast seller. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: S. East 98.90, S. West 98.90, W. Mids 98.00, N. West 98.50. The UK Monetary Coefficient for the week beginning Monday October 26 (based on HGCA calculations using five days exchange rates) is expected to remain unchanged.

RUBBER

The London physical market opened easier and attracted little interest throughout the day to close quiet. Lewis and Peat reported a fob price for No. 1 RSS in Kuala Lumpur of 226.0 (225.0) cents a kg and SMR 20 180.5 (178.5).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
Nov	55.60-56.80	54.60-54.70	—
Dec	56.50-57.40	55.50-56.00	—
Jan-Mar	58.90-59.10	57.60-57.70	59.40-58.00
Apl-Jne	62.50-62.60	61.00-61.60	63.20-61.80
Jly-Sept	65.70-65.90	64.90-65.00	—
Oct-Dec	69.10-69.20	68.30-68.60	69.20
Jan-Mar	72.50-72.70	71.60-71.80	73.00
Apl-Jne	75.80-75.90	75.00-75.10	76.00
Jly-Sept	78.80-79.00	78.20-78.40	79.80

Sales: 338 (234) lots of 15 tonnes, nil (nil) at 5 tonnes. Physical closing prices (buyer) were: Spot 54.00p (same): Nov 52.50p (52.00p): Dec 53.50p (53.00p).

SOYABEAN MEAL

The market opened mixed and stayed quietly steady, reports T. G. Roddick. Prices found trade support and closed marginally higher.

	Yesterdys Close (£ per tonne)	+ or —	Business Done
October	138.00-45.0	......	—
December	135.00-36.2	—0.15	135.00
February	138.50-38.4	+0.50	138.50-35.70
April	138.20-38.9	+0.05	—
June	141.00-41.5	......	—
August	142.80-43.0	+0.25	—
October	145.00-48.0	......	—

Sales: 152 (80) lots of 100 tonnes.

WOOL FUTURES

LONDON NEW ZEALAND CROSS-BREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Oct 405 seller, 400; Dec 388, 390, 389-386; Jan 387, 388, 388-387; Mar 395, 397, 396-395; May 402, 403, 403-402; Aug 414, 418, 415; Oct 418, 419, 419-418; Dec 423, 424, 423; Jan 424, 427, 426-425; Mar 429, 432, 431-430. Sales: 163.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Oct 474.0, 475.0, 476.0-473.0; Dec 490.0, 490.0, 491.8-487.5; Mar 501.0, 502.5, 503.5-502.0; May 513.0, 513.5, 515.0-513.5; July 520.0, 521.5, 522.0-520.5; Oct 518.5, 519.5, 520.0-519.0; Dec 522.5, 523.5, 524.0-523.0; Mar 527.5, 528.5, 529.0-528.0. Sales: 332.

SUGAR

LONDON DAILY PRICE—Raw sugar £156.00 (£160.00) a tonne cif Oct-Nov-Dec shipments. White sugar daily price £175.00 (same).

No. 4 Contract	Yest'rdy's close	Previous close	Business done
	£ per tonne		
Jan	158.25-58.75	158.25-58.50	159.75-58.00
March	165.80-66.00	165.60-65.70	167.00-64.10
May	169.95-69.90	169.55-69.45	171.00-68.90
Aug	174.10-74.20	175.50-75.45	174.50-72.00
Oct	178.05-78.25	177.75-77.95	179.00-76.90
Jan	179.00-81.00	178.00-81.00	—
March	182.25-82.50	182.00-83.00	—

Sales: 4,157 lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar, was £375.0 (same) a tonne fob for home trade and £265.5 (£269.5) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for October 19: Daily price 11.83 (12.05): 15-day average 12.44 (12.49).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 126 tonnes. A fair general offtake developed, although some users were reluctant to look far ahead. Dealings were reported in certain South American styles, as well as African qualities.

TEA AUCTION

LONDON POTATO FUTURES—Heavy overnight rain caused a dramatic rise before profit-taking and stop-loss selling brought prices back to unchanged at the close, reports Coley and Harper. Closing prices: Nov 79.20, +0.20, (high 80.50, low 79.70): Feb 92.00, —0.30, (high 97.00, low 92.00): April 104.70, —0.20, (high 109.00, low 103.50). Turnover: 587 (107) lots of 40 tonnes.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 76.0 to 78.8; Ulster hindquarters 84.5 to 88.0, forequarters 58.5 to 60.0; Eire hindquarters 84.6 to 87.0, forequarters 57.5 to 60.0. Veal: Dutch hinds and ends 124.0 to 126.0. Lamb: English small 72.0 to 78.0, medium 73.0 to 76.0; Imported Frozen—New Zealand PL 65.0 to 65.0, YL 62.0 to 63.0. Pork: English, under 100 lb 46.0 to 54.5, 100-120 lb 46.0 to 54.0, 120-160 lb 43.0 to 52.5.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 88.59p per kg lw (+1.37). UK—Sheep 159.91p per kg est dcw (—1.32). GB—Pigs 80.43p per kg lw (+4.10).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Outspan: Valencia Lates 48 5.70, 56 6.50, 72 6.45, 88 5.60, 112 5.35, 138 5.30, 150 4.95. Satsumas—Spania: 5.50-6.50. Lemons—Spania: boxes 6.00-8.00, trays 25/50 3.00-3.50; Cypriot: 6.40-7.00; Turkish: 6.00-7.00; Italian: 80/120 9.00-9.50. Grapefruit—U.S.: Pink 40/48 9.00. Cuban: 36/40/48 4.40-4.80, pink 32/48 5.20-5.50. Jaffa: 60s 5.50; Honduras: 5.50-5.80; Dominican: 4.50-5.80. Apples—French: new crop, Golden Delicious 20 lb 3.20-3.50, 40 lb 6.00-6.80, Stark Crimson 40 lb 7.00-7.80, 20 lb 3.50-3.60, Granny Smith 8.00-9.00; Spanish: Golden Delicious 40 lb 5.60-6.00; U.S.: Red Delicious 8.00-12.00. Pears—French: Comice per pound 0.20-0.24; Dutch: Comice 14 lb 3.30-3.60; Italian: Williams' per pound 0.18-0.23. Peaches—U.S.: 60s 12.00-13.00. Plums—U.S.: per pound 0.45-0.60. Grapes—Spanish: Almeria 11 lb 1.80-2.20, Negra 2.50-2.60; Greek: Rozaki 2.50; Italian: Italia, per pound 0.30-0.35, Black Regina 2.50-2.60. Strawberries—Italian: 8 oz 0.50-0.70; U.S.: 1.50. Melons—Spanish: 10 kilos, yellow 3.50-4.20, green 3.00-4.50. Pineapples—Ivory Coast: each 0.40-1.10. Bananas—Colombian: per pound 0.19-0.20. Avocados—U.S.: 20s 5.00-5.50; Israeli: 4.50-5.00; Canary: 5.00. Pomegranates—Spanish: 24/60 2.50-3.00. Dates—Tunisian: x 30 0.50-0.60. Tomatoes—Dutch: 2.00-2.40; Spanish: 1.40-2.00. Onions—Spanish: Grano 3/5 3.50-3.60. Capsicums—Dutch: 5 kilos, red 5.00, green 3.50, yellow 9.00; Spanish: red 3.50, green 3.00. Aubergines—Dutch: 5 lb 6.50. Cabbages—Dutch: white 2.80, red 3.00. Chillies—Dutch: 3 kilos 3.50. Artichokes—French: Globe 24s 7.00-7.20. Chicory—Belgian: 3 kilos 3.00-3.20. Cucumbers—Dutch: 3.20-3.40.

English Produce: Potatoes—per 55 lb white 2.40-2.70, red 2.60-3.00, King Edwards 2.80-3.30, jacket 3.20-3.60. Mushrooms—per pound, open 0.40-0.50, closed 0.60-0.80. Apples—per pound Bramley 0.12-0.20, Cox's 0.18-0.28, Worcester Pearmain 0.12-0.20, Russet 0.15-0.20, Charles Ross 0.15-0.18. Pears—per pound Conference 0.10-0.15, Comice 0.15-0.20. Strawberries—per ½ lb 0.30-0.50. Tomatoes—per 12 lb, D/E 1.00-1.50. Cauliflowers—per 12 3.00-3.50. Cabbages—per bag, Primo 30 lb 1.00-1.40. Lettuces—per 12, round 0.80-1.00, Cos 10/12 1.20-1.40, Webb's 1.40-1.60. Radishes — per pack 12 x 8 oz 1.40, buches of 15 1.50. Onions—per tray x 20 bunches, spring 2.00, 55 lb 40/60mm 2.40-2.80. Carrots—per 26/28 lb 0.70-1.00. Beetroots—per 28 lb 1.00-1.20. Marrows — per box 2.00. Fennel—per 10 lb 3.00. Parsnips—per 28 lb 1.50-1.80. Swedes—per net 0.80-1.00. Leeks—per 10 lb 1.40-1.60. Sprouts—per 20 lb 2.20-3.20. Pumpkins—per pound 0.08-0.10. Turnips—per 28 lb 1.50-1.80. Celery—per 16/36 Hassy 2.50-3.30.

★

GRIMSBY FISH—Supply fair, demand good. Prices at ship's side (unprocessed) per stone: Shell cod £6.00-£6.70, codling £3.50-£4.30. Large haddock £3.50-£4.50, medium £3.20-£3.80, small £2.10-£3.20. Large plaice £7.40, medium £7.00-£7.20, best small £4.50-£6.50. Skinned dogfish (large) £9.80-£10.50, (medium) £7.50-£8.50. Lemon soles (large) £13.50, (medium) £11.50. Rockfish £2.80-£3.70. Saithe £2.20-£2.80.

PRICE CHANGES

In tonnes unless otherwise stated.

	Oct. 20 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1150/1160	......	$1160/180
Copper			
Cash w'bar	£899	+2.5	£945
3 mths	£927.75	+2	£980.75
Cash Cathode	£895.5	—1.5	£944.5
3 mths	£922.75	+0.5	£974.5
Gold troy oz	$437	+1	$464
Lead Cash	£378.5	+9	£408
3 mths	£387.25	+8	£420.5
Nickel	£4219.6	......	£4,106.25
Free mkt	240/260c	......	265/280c
Platin'mtr'y oz	£260	......	£260
Freemkt	£230.75	+3.45	£243.45
Quicksilver†	$425/430	—2	$428/433
Silver troy oz	502.75p	—5.95	561.95p
3 mths	521.55p	—6.55	582.05p
Tin Cash	£8,135	+12.5	£8450
3 mths	£8350.5	—4.5	£8427.5
Tungsten22.0lb	$142.62	......	$145.86
Wolfrm22.04lbs	$139/141	......	$144/148
Zinc Cash	£479	+7.5	£490
3 mths	£493.75	+7.125	£507.75
Producers	$1000	......	$1000
Oils			
Coconut (Phil)	$567.5y	+5	$580
Groundnut	‡	......	$950
Linseed Crude	£425x	......	£432
Palm Malayan	$515.5y	......	$515
Seeds			
Copra Philip	$360x	......	‡
Soyabean(U.S.)	$256.5	—2	$267
Grains			
Barley Fut.Jan	£103.80	—0.25	£101.45
Maize	£127.50y	......	£127.50
Wheat Fut.Jan	£108.95	—0.30	£107.35
No2 HardWint	£121.25	‡	‡
Other commodities			
Cocoa ship't*	£1,206	—165	£1,380
Future Mar.	£1177	—95.5	£1,264.5
Coffee Ft' Jan.	£1109.5	+9.0	£1,035.5
Cotton A.Index	75.75c	+0.3	75.80c
Gas Oil Nov.	$318.5	+1.5	$301.75
Rubber (kilo)	54p	......	52p
Sugar (Raw)	£156x	—4	£161
Woolt'ps 64s kl.	390p kilo	......	396pkilo

‡ Unquoted. z Dec. y Nov. x Oct-Nov. v Nov-Dec. † Per 76-lb flask. * Ghana cocoa. n Nominal.

AMERICAN MARKETS

NEW YORK, October 20.

PRECIOUS METALS were immune to bullish political news and eased off on a lack of buying interest. Copper was unaffected by news of a Peruvian mine strike and declined in sympathy with gold. Cocoa was limit down on trade doubts that the buffer stock manager could effectively support prices. Livestock markets collapsed as lower cash markets encouraged liquidation by commercial and trade interests. Cotton prices sold off again as adverse economic news attracted heavy selling, reported Heinold.

Copper—Oct 73.45 (73.40), Nov 73.75 (74.65), Dec 74.80-74.85, Jan 75.90, March 77.90-78.00, May 79.95, July 81.90, Sept 83.85, Dec 86.45, Jan 87.30, March 89.15, May 91.00, July 92.85. Sales: 4,800.

*Gold—Oct 431.5 (436.2), Nov 432.5 (439.3), Dec 437.0-438.0, Feb 447.5-448.5, April 458.0-458.5, June 470.0-471.5, Aug 481.7, Oct 493.1, Dec 504.6, Feb 516.2, April 527.9, June 539.7, Aug 551.6. Sales: 40,000.

*Platinum—Oct 409.0 (412.0), Jan 418.0-419.5 (423.5), April 434.0, July 450.0, Oct 465.3. Sales: 1,221.

Potatoes (round whites)—Nov 68.5-69.0 (68.0), Feb 76.8 (same), March 79.2-80.0, April 89.3-89.4.

¶Silver—Oct 903.5 (915.0), Nov 906.5 (918.5), Dec 915.0-920.0, Jan 931.0, March 954.0-965.0, May 982.0, July 1004.5, Sept 1028.5, Dec 1064.5, Jan 1076.5, March 1100.5, May 1124.5, July 1148.5. Handy and Harman bullion spot: 920.00 (921.00). Sales: 5,500.

Sugar — No. 11: Jan 11.06-11.25 (11.45), March 11.84-11.88 (12.05), May 12.17-12.19, July 12.45-12.46, Sept 12.70-12.75, Oct 12.95-12.97, Jan 13.00-13.10, March 13.55-13.65. Sales: 6,650.

Tin—675.00-692.00 (685.00-700.00).

CHICAGO, October 20.

Lard—Chicago loose 20.00 (21.00).

Live Cattle—Oct 62.32 (63.62), Dec 65.00-65.10 (66.25), Feb 65.25-65.30, April 65.25-65.35, June 66.00-66.10, Aug 65.40, Oct 64.00.

Live Hogs—Oct 45.30-44.97 (46.47), Dec 48.40-48.50 (49.20), Feb 49.45-49.35, April 47.05-46.95, June 49.60, July 49.90, Aug 48.52, Oct 47.20, Dec 48.57.

‡‡Maize—Dec 288-288¼ (291¾), March 307¾-307 (309¾), May 318½-319, July 327¾-327, Sept 332, Dec 337-336¾.

Pork Bellies—Feb 66.35-66.20 (66.82), March 66.35-66.20 (66.75), May 67.15-67.20, July 67.80-68.05, Aug 67.45.

†Soyabeans—Nov 650½-649½ (656¾), Jan 669½-670 (676¾), March 692-693, May 712, July 729½, Aug 733, Sept 735½, Nov 742, Jan 758½.

‖Soyabean Meal—Oct 182.5 (183.8), Dec 188.6-188.8 (190.3), Jan 192.6-192.8, March 198.9, May 203.3-203.5, July 210.0, Aug 211.6-212.0, Sept 212.0, 212.5, Oct 212.0-213.0, Dec 216.0-217.0.

Soyabean Oil—Oct 20.42 (20.85), Dec 20.93-20.96 (21.32), Jan 21.36-21.35, March 22.07, May 22.70, July 23.30, Aug 23.45-23.49, Sept 23.65, Oct 23.80-23.90, Dec 24.10-24.20.

†Wheat — Dec 426½-427¼ (431½), March 454-455 (457½), May 465¾-465½, July 463-462½, Dec 490½.

WINNIPEG, October 20.

§Barley—Oct 126.80 (same), Dec 126.90 (127.20), March 130.80, May 133.80, July 135.00.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 245.19 (244.24).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lb). § $Can. per metric ton. §§ $ per 1,000 sq ft. ‡ Cents per dozen. †† $ per metric ton.

Monday's closing prices

NEW YORK, October 19.

††Cocoa—Dec 2122 (2133), March 2170 (2197), May 2213, July 2224, Sept 2244, Dec 2264, March 2285. Sales: 2,345.

Coffee—"C" Contract: Dec 133.75-133.80 (135.25), March 128.25-128.70 (129.21), May 125.35-125.50, July 124.60-124.80, Sept 124.69, Dec 122.50-123.00, March 120.00-121.00. Sales: 1,255.

Cotton—No. 2: Dec 64.88 (66.88), March 67.20-67.30 (69.07), May 69.60, July 70.60-70.72, Oct 73.00-73.80, Dec 74.10, March 75.80-76.00. Sales: 4,500.

Heating oil (dollars per U.S. gallon)—Nov 0.9895 (0.9874), Dec 1.0031 (1.001), Jan 1.0150, Feb 1.0245, March 1.0210, April 1.0155, May 1.0150, June 1.0210, July 1.0220, Aug 1.0375, Sept 1.0425, Oct 1.0575. Turnover: 3,791.

Orange Juice—Nov 114.70 (117.10), Jan 118.25-118.40 (121.10), March 121.00-121.10, May 123.50-124.00, July 126.05-126.30, Sept 127.05-127.35, Nov 127.45-127.65. Sales: 1,100.

CHICAGO, Oct 19.

Chicago Imm Gold—Dec 442.9-442.5 (447.8), March 458.5-459.4 (464.7), June 475.7, Sept 492.8, Dec 510.1, March 527.6, June 545.3, Sept 563.2.

EUROPEAN MARKETS

PARIS, Oct 20.

Cocoa—(FFr per 100 kg): Dec 1205-1210, March 1222, May 1227, July 1230, Sept 1230, Dec 1228, March 1232, (March-March all limit down asked). Sales at call: nil.

Sugar—(FFr per tonne): Dec 1690-1701, March 1740-1743, May 1778-1780, July 1780-1810, Aug 1835-1860, Oct 1870-1910, Nov 1870-1910, Dec 1890-1940. Sales at call: 12.

ROTTERDAM, Oct 20.

Wheat—(U.S. $ per tonne): U.S. Two Dark Hard Winter 13.5 per cent Oct 199, Nov 198, Dec 204. U.S. No Two Red Winter Oct 184, Nov 185, Dec 193. U.S. No Three Amber Durum Oct 192.50, Nov 193, Dec 200. U.S. No Two Northern Spring 14 per cent Oct 190, Nov 194, Dec 195.50. Canadian Western Red Spring Oct 25/Nov 25 224.

Maize—(U.S. $ per tonne): U.S. No Three Corn Yellow Oct 130.25, Nov 128.50, Dec 132, Jan/Mar 140, April/June 146.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfports Oct 261.50, Nov 260.50, Dec 264.50, Jan 271.50, Feb 276, Mar 280.50, April 235.25, May 283.50 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent protein U.S. Nov 229 traded, afloat 235-238, Oct 230, Nov 229, Dec 231.50, Nov/Mar 239.50, Jan/Mar 243, April/Sept 260, sellers. Brazil Pellets afloat 254 traded, afloat 255, Oct 253.50, Nov 250, Dec 251, Nov-Mar 260, April/Sept 270 sellers.

INDICES

FINANCIAL TIMES

Oct. 19	Oct. 16	Month ago	Year ago
259.08	260.50	258.85	275.40

(Base: July 1, 1952=100).

MOODY'S

Oct. 19	Oct. 16	Month ago	Year ago
1000.4	1004.2	1030.9	1318.5

(December 31, 1931=100)

DOW JONES

Dow Jones	Oct. 19	Oct. 15	Month ago	Year ago
Spot	356.18	358.96	348.28	479.10
Fut'rs	373.35	376.22	373.43	498.40

(Average 1924-25-26=100).

REUTERS

Oct. 20	Oct. 19	M'nth ago	Year ago
1651.8	1660.9	1657.9	1745.5

(Base: September 18, 1931=100)

Equity leaders advance swiftly in market awaiting details of Cable and Wireless flotation—Gilts quiet

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
Oct 12	Oct 22	Oct 23	Nov 2
Oct 26	Nov 5	Nov 6	Nov 16
Nov 9	Nov 19	Nov 20	Nov 30

* " New-time " dealings may take place from 9.30 am two business days earlier.

Forceful early investment buying of Oils and other leading shares by a broking house believed to be acting on overseas, probably Continental, account caught many London traders unawares yesterday. Another squeeze on professional bear positions developed and a sensitive equity market, expecting details at any time now of the proposed Cable and Wireless flotation, became rumour prone and all too ready to respond.

The proposed denationalisation of **British National Oil's** production businesses and the forced sale of **British Gas's** North Sea oil interests were initially only subjects for discussion but were later added to the list of factors responsible for the firmness. Others included the call for an extraordinary meeting of Opec members and revived hopes of agreement on a unified pricing policy. The miners' decision to mark time over pay was also taken as a favourable influence.

Recent advice highlighting the attractions of the oil sector was resuscitated and led to increased demand for **British Petroleum** and **Shell** which closed with gains of 16 and only slightly below the day's best. Many other leading industrials slipped from the day's highest despite satisfaction with the September trade returns and New York's firmer tone in yesterday's early dealings. Measuring the performance of equities, the FT 30-share index posted a gain of 11.4 at 2.00 pm before settling a net 9 points up at 473.3. The All-Share index gained 1.8 per cent to 286.73 with the Oil share index bounding 5.2 per cent to 687.50.

Government securities improved marginally awaiting the UK trade figures. The easier tone in sterling yesterday stifled any real enthusiasm and the tone softened just before the official, 3.30 pm close. Short and longer-dated stocks closed slightly harder, but the gains were being eroded in the after-hours' business.

Activity in Traded options improved sharply and 2,325 deals were arranged, the highest for two weeks. Once again, **BP** attracted the lion's share of business in calls with 576 trades, 421 in the October 300's. **Marks and Spencer** and **Grand Met.** recorded 361 and 192 calls respectively.

Banks better

The major clearing banks made progress but the volume of business was small. **Barclays** rose 10 to 410p and **Lloyds** improved 6 to 396p as did **NatWest**, to 366p, while **Midland** gained 5 to 310p. Elsewhere, **Standard Chartered** put on 6 to 608p. Speculative support was forthcoming for selected merchant banks; **Hill Samuel** were notable for a rise of 5 to 142p and **Mercury Securities** for a gain of 6 to 216p.

Quietly firm conditions prevailed in Insurances. Lloyds Brokers returned to favour with **Willis Faber** prominent with a rise of 7 to 350p. **C. E. Heath** put on 5 to 280p. **Stewart Wrightson** 4 to 207p and **Sedgwick** 3 to 135p.

Buildings were featured by **F. J. C. Lilley**, which gained 9 to 144p in response to the good interim results; **MDW**, currently in receipt of a share exchange offer from the former, rose 5 to 115p. **Walter Lawrence** also reported pleasing half-yearly results and added a couple of pence to 122p. Elsewhere, **Ruberoid** remained a dull market on the £1.3m NCB Pension Fund share placing and shed 4 for a two-day fall of 7 to 89p, but **Burnett and Hallamshire** improved 30 to 930p on second thoughts about the £29.8m agreed bid for Anglo International Mining. Timber issues, dull on Monday, rallied well, **Magnet and Southerns**, 136p, recovering the previous day's fall of 4 and **Montague L. Meyer** adding a similar amount to 54p.

ICI touched 262p on bear closing and a subsequent trickle of small buying before slipping back late to close just 2 dearer on balance at 258p.

Business in leading Stores expanded. Further consideration of the interim results lifted **Marks and Spencer** 4 to 112p, but comment on **Mothercare's** half-timer resulted in marked weakness in the price which closed 10 lower at 146p; sentiment in the latter was not helped by reports that a sizeable number of shares had been put through the market below the closing price. **House of Fraser**, 143p, and **W. H. Smith**, 142p, firmed 3 apiece, while **British Home**, interim results today, rose 5 to 115p. Selected secondary counters benefited from revived speculative support; **Polly Peck** advanced 20 to 305p, while **Cornell Dresses** ended 5 to the good at 130p. **Kean and Scott** closed 4 better at 32p, but **Foster Bros. Clothing** shed that much at 54p.

The popular Electrical majors took the previous day's technical rally a useful stage further. Renewed buying, some of which was for institutional account, helped prices to record double-figure gains by the close. **Racal** advanced 12 to 402p, after 405p, while **GEC**, 688p, **Plessey**, 302p, and **Thorn EMI**, 425p, all rose 10. Having fallen 76 over the previous six trading sessions, **Standard Telephone and Cables** picked up 11 to 390p. **Ferranti** gained 10 at 495p and **BSR** rose 3 to 74p. **Suter**, which recently increased its shareholding in the Appleyard Group to nearly 20 per cent, rose 4 to 59p and the **Deferred** 3 to 49p: Appleyard closed unaltered at 67p.

Buying in front of today's interim results helped **Hawker** to rally 8 to 270p. **GKN** gained 5 to 149p and **Tubes** regained 4 more to 100p, after 102p. Elsewhere in Engineerings, **Ductile Steels** jumped 6 to 87p, the chairman's confident remarks about future prospects outweighing the £2.2m annual deficit and the final dividend cut. **Adwest** advanced 11 to 144p following the chairman's encouraging annual statement, while revived demand lifted **Westland** 4 to 89p.

British Sugar, down to 317p at one point on Press suggestions that the company may launch a bid for **RHM**, rallied to close unchanged on balance at 323p following a denial from the company; **RHM** put on 2 to 54p. **Huntley and Palmer**, also widely tipped as a bid candidate, added a similar amount to 71p, while **Carr's Milling** firmed 3 to 67p on news that Heygate had increased its stake in the company to 20.25 per cent. Among other Foods, **Bejam** firmed 6 to 132p, while **Stewart and Wight**, a nominal market, advanced 100 to 600p.

Glaxo up again

Glaxo again stood out among firmer miscellaneous industrial leaders, rising 8 for a two-day advance of 22 to 396p with sentiment still buoyed by favourable comment highlighting the profit potential of the group's Zantac drug. **Pilkington** revived with a gain of 7 to 263p and **Bowater** were notable for an improvement of 6 at 212p. **Beecham** put on 3 to 191p and **Boots** hardened 2 to 192p. Elsewhere, Press comment prompted rises of 5 and 6 respectively in **J. Bibby**, 250p, and **Pauls and Whites**, 160p. **Bestwood** jumped 15 to 135p on consideration of the higher interim profits. **J. and J. Dyson** found support at 56p, up 4, and **BET** closed a similar amount better at 128p. **Smiths Industries** recovered 6 more to 303p and **Fothergill and Harvey** added 4 at 118p. Against the trend, **Elbar Industrial** were adjusted 20 lower to 140p and **Sothebys**, down 45 last week, gave up 5 more to 395p.

The Leisure sector came to life following a batch of cheerful trading statements. **Saga Holidays** jumped 32 to 375p on the better-than-expected annual results and the two-for-one scrip issue, while **Intasun** gained 6 to 89p on an optimistic progress report. **Horizon Travel** firmed 13 to 230p in sympathy. Television issues continued to respond to Press comment highlighting increased advertising revenue, **Anglia A** adding 6 more to 88p and **LWT A** another 3 to 108p. Elsewhere, **Medminster** firmed 4 to 70p in response to increased annual profits.

Oils good

Motor and Aircraft component manufacturers displayed modest gains. **Flight Refuelling** responded to renewed speculative activity and closed 10 higher at 290p, while rises of around 5 were noted in **Dowty**, 140p, and **Lucas**, 194p. Distributors also trended higher. **British Car Auction**, preliminary results expected next Tuesday, firmed 5 to 91p helped by Press comment, while **Lex Service** rose a like amount to 91p following the company's withdrawal from its hotel business which has never proved as profitable as envisaged.

Leading Properties improved afresh on technical influences, but, once again, closing levels were below the best. **Land Securities** finishing 6 dearer on balance at 286p, after 289p, and **MEPC** 3 up at 204p, after 206p. **Peachey** touched 136p before settling a net 8 up at 134p following the good annual results and property revaluation. **Capital and Counties** added 2 to 98p on the sale of a development for £2m.

Reports that the OPEC meeting scheduled for October 29 is expected to stabilise the price of crude oil at $34 and the proposed transfer of BNOC's oil producing business to the private sector set the tone for a firm and active day's trading in the Oil sector. Early demand, reportedly emanating from one source, prompted useful gains in the majors and sparked off bear-closing among other popular oils. **British Petroleum**, thought to be the subject of U.S. buying, advanced 16 to 300p and **Shell** rose a similar amount to 350p. **Lasmo** gained 23 to 495p and **Ultramar** 20 to 480p, while **Tricentrol** firmed 10 to 244p. **Burmah** revived and added 7 to 113p, while **Sovereign** retained a rise of 20 at 340p despite the lower interim profits.

Annual earnings from Overseas Traders **Paterson Zochonis** exceeded the most optimistic market estimates, and helped by the increased diivdend, the close was 6 higher at 126p with the A 10 up at 125p. Reports of strong interest from Middle East sources lifted **Tozer Kemsley and Millbourn** to 77p before a close of 75p, up 2 on balance. In contrast, **Harrisons and Crosfield**, mid-term results expected next Tuesday, gave up 25 to 762p.

Among Financial Trusts, **Mercantile House** returned to favour and advanced 20 to 390p, but fellow money broker **R. P. Martin** continued to succumb to profit-taking and eased 5 to 250p.

Shippings again attracted a brisk trade. **P & O Deferred** added a couple of pence to 98p, while the company's bearish comments on current trading failed to depress **Reardon Smith**, 6 up at 105p.

Late rally in Golds

Assam Frontier gave up 15 more to 200p, recent takeover hopes being dented by Monday's news that Sime Darby intends to retain its 24.8 per cent stake. In contrast, other Teas continued to make progress in narrow markets. **New Sylhet** firmed 10 for a two-day gain of 30 at 170p, while **Lawrie** also added 10, to 380p.

South African Golds lost further ground yesterday but staged a modest recovery in the after-hours' trading following light U.S. buying interest.

Initial losses in Golds reflected the lack of progress by the bullion price which closed only $1 firmer at $437 an ounce.

The Gold Mines index gave up 6.8 more to 382.2. Losses in the heavyweights ranged to ½, as in **Libanon**, £11½, and **Free State Geduld**, £23½. **Vaal Reefs** attracted a good deal of the late American buying and rallied from £37 to close only a net ½ down at £37⅞, while **Western Holdings** were finally ⅛ firmer at £33¼.

Durban Deep closed unaltered at £13⅞, after £13½, following the increased profits in the September quarter.

London Financials gained ground for the first time in five trading days as the good performance by the UK equity market encouraged persistent investment buying.

Australians remained depressed, but closed a shade above the day's lowest. **MIM Holdings**, initially a firm market at 216p, fell back to close 2 easier on balance at 212p in the wake of the loss incurred in the first quarter. **Peko-Wallsend** dipped 5 more to a 1981 low of 365p, while **Gold Mines of Kalgoorlie** dropped 20 to 460p and **Kitchener Mining** 5 to 160p.

The increased and unconditional bid by **Endeavour Resources** for **Northern Mining** led to the resumption of trading in both companies; the latter opened at 175p, rose to 180p and closed at 170p compared with a pre-suspension price of 176p; Endeavour held at the suspension price of 26p.

FINANCIAL TIMES STOCK INDICES

	Oct. 20	Oct. 19	Oct. 16	Oct. 15	Oct. 14	Oct. 13	A year ago
Government Secs.	61.58	61.32	61.12	61.55	61.67	61.97	70.83
Fixed Interest	62.62	62.59	62.70	62.72	62.98	63.19	72.54
Industrial Ord.	473.3	464.3	453.4	473.2	472.4	484.6	484.0
Gold Mines	382.2	389.0	391.1	384.9	396.1	382.5	472.0
Ord. Div. Yield	6.28	6.41	6.43	6.29	6.31	6.16	7.60
Earnings, Yld. % (full)	10.67	10.87	10.92	10.68	10.72	10.45	17.17
P/E Ratio (net) (*)	12.03	11.80	11.75	12.02	11.98	12.27	7.10
Total bargains	14,161	14,612	15,342	14,971	15,400	17,630	20,855
Equity turnover £m.	—	75.53	75.01	87.38	100.56	98.94	136.71
Equity bargains	—	9,266	9,285	10,096	10,616	11,750	17,816

10 am 468.6. 11 am 471.1. Noon 474.0. 1 pm 475.1. 2 pm 476.7. 3 pm 474.1.

Latest Index 01-246 8026.

*Nil=10.69.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (29/5)	60.45 (28/8)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (29/5)	61.64 (28/8)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4)	446.0 (14/7)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	429.0 (14/8)	262.6 (29/6)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Oct. 19	Oct. 16
Daily		
Gilt Edged Bargains	179.6	209.2
Equities Bargains	60.0	60.2
Equities Value	152.7	161.6
5-day Avrge.		
Gilt Edged Bargains	188.7	196.2
Equities Bargains	66.1	70.2
Equities Value	176.7	186.0

NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (10)

BRITISH FUNDS (1)
Treas. 9½pc 1983

BEERS (1)
Bulmer (H. P.)

BUILDINGS (1)
M.D.W.

ENGINEERING (2)
Danks Gowerton Ductile Steels

INDUSTRIALS (1)
Dyson (J. & J.) A

MOTORS (1)
Caffyns

TRUSTS (2)
Cambrian & General Lazard Stlg. Res.

OVERSEAS TRADERS (1)
Great Northern

NEW LOWS (20)

BUILDINGS (1)
UBM Group

STORES (1)
Mothercare

ELECTRICALS (2)
Forward Technology Wholesale Fittings

ENGINEERING (3)
Aurora Evered
Barton Group

INDUSTRIALS (5)
Cowan de Groot Ozalid Fin. Cnv
Elbar Ind. Sangers
Huntleigh

PROPERTY (1)
Swire Properties

TEXTILES (1)
Homfray

TRUSTS (2)
Channel Is. Cap. London & Holyrood

RUBBERS (1)
Malakoff

MINES (3)
Canada Northwest Burma Mines
Peko-Wallsend

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	40	3	48
Corpns. Dom. and Foreign Bonds	9	7	54
Industrials	362	133	874
Financial and Prop.	179	47	281
Oils	37	20	46
Plantations	4	8	11
Mines	30	44	93
Others	68	39	76
Totals	729	301	1,483

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Brit. Home Stores	115	+5	Mothercare	146	−10
BP	300	+16	Peachey Prop.	134	+8
GEC	688	+10	Plessey	302	+10
Glaxo	396	+8	Racal Elec.	402	+12
LASMO	495	+23	Saga Hols.	375	+32
Marks & Spencer	112	+4	Shell Trans.	350	+16

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	closing price pence	Day's change	Stock	No. of price changes	closing price pence	Day's change
Glaxo	19	388	+14	RTZ	10	485	−10
GEC	14	678	+4	Royal Ins.	10	347	+4
Marks & Spncr.	13	108	−1	Midland Bank	9	305	—
Plessey	11	292	—	Thorn EMI	9	415	+5
Racal Elect.	11	390	−3	BP	8	284	—
Brit. Aerospace	10	174	+2	GUS 'A'	8	363	−5
ICI	10	256	—	Shell Trans.	8	334	—

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Oct 19	Oct 30	Jan 21	Feb 1
Nov 2	Nov 13	Feb 11	Feb 22
Nov 16	Nov 27	Feb 25	Mar 8

For rate indications see end of Share Information Service

Calls were taken out in FNC, Associated Fisheries, Hawker Siddeley, Marks and Spencer, Town and City Properties, Fothergill and Harvey, Clifford's Dairies A, Premier Oil, Charterhall, Montague L. Meyer, Tozer Kemsley and Millbourn and Raybeck. Puts were arranged in BP and Charterhall, while doubles were completed in BP, Grand Metropolitan, Suter Electrical, ICI, FNFC and Sears.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues., Oct. 20, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon., Oct. 19 Index No.	Fri., Oct. 16 Index No.	Thurs., Oct. 15 Index No.	Wed., Oct. 14 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (210)	313.77	+1.5	11.38	5.02	11.06	309.16	309.42	314.54	314.88	286.78
2	Building Materials (25)	272.72	+1.1	16.47	6.30	6.92	269.73	271.31	274.20	276.65	258.74
3	Contracting, Construction (28)	486.59	+0.8	19.55	5.65	5.95	482.86	482.87	486.22	494.09	423.37
4	Electricals (30)	1061.49	+1.9	8.59	2.70	14.53	1041.87	1043.86	1067.40	1053.95	985.98
5	Engineering Contractors (9)	429.49	+0.8	15.08	6.41	7.82	426.27	429.22	431.23	435.93	354.64
6	Mechanical Engineering (66)	171.97	+1.6	12.75	6.38	10.20	169.22	168.82	172.01	172.02	176.97
8	Metals and Metal Forming (13)	150.10	+1.3	9.60	7.89	14.11	148.13	146.62	148.20	149.33	153.87
9	Motors (21)	86.93	+2.5	—	7.76	—	84.77	84.95	87.04	88.06	94.77
10	Other Industrial Materials (18)	332.05	+0.8	9.94	6.80	12.25	329.38	329.28	332.22	339.97	0.00
21	CONSUMER GROUP (197)	248.21	+1.5	14.17	6.54	8.71	244.51	244.98	247.87	249.62	238.22
22	Brewers and Distillers (20)	255.44	+1.2	17.56	7.57	6.86	252.35	253.05	254.20	254.52	276.21
25	Food Manufacturing (21)	242.43	+0.6	16.48	6.95	7.31	241.00	242.22	242.48	243.85	217.38
26	Food Retailing (15)	500.98	+1.4	9.87	3.62	12.26	493.85	500.73	505.52	505.44	388.86
27	Health and Household Products (7)	316.43	+1.4	9.37	4.84	12.67	312.01	308.15	314.19	317.04	226.41
29	Leisure (24)	394.30	+1.9	10.33	5.58	12.01	387.12	387.03	393.87	393.69	344.01
32	Newspapers, Publishing (12)	434.72	+0.9	14.53	6.93	9.86	430.83	431.21	430.93	433.06	439.78
33	Packaging and Paper (13)	124.08	+1.4	15.07	8.58	8.08	122.40	121.82	122.94	125.69	121.90
34	Stores (45)	217.01	+1.9	13.45	6.12	9.93	212.96	214.32	219.19	222.39	239.71
35	Textiles (23)	140.22	+1.8	9.04	6.56	15.39	137.81	137.25	139.70	140.11	127.73
36	Tobaccos (3)	250.90	+2.9	22.66	10.37	5.08	243.78	242.70	243.18	245.26	220.71
39	Other Consumer (14)	246.76	−0.2	9.17	7.03	16.66	247.23	246.46	246.45	245.98	0.00
41	OTHER GROUPS (80)	204.38	+0.8	12.08	6.92	10.60	202.80	202.40	204.33	206.01	218.10
42	Chemicals (16)	264.75	+0.7	6.02	6.78	27.88	262.96	262.10	265.59	265.51	292.91
44	Office Equipment (5)	95.79	+0.2	17.83	8.92	6.74	95.60	95.17	96.07	95.77	103.26
45	Shipping and Transport (13)	456.33	+1.3	23.23	8.03	5.12	450.48	449.17	454.31	460.52	566.73
46	Miscellaneous (46)	265.76	+0.8	14.10	6.27	8.60	263.52	263.64	264.82	269.81	280.30
49	INDUSTRIAL GROUP (487)	264.45	+1.4	12.77	6.01	9.71	260.76	261.04	264.51	265.81	253.43
51	Oils (13)	687.50	+5.2	20.71	8.21	5.47	653.82	654.62	662.56	648.28	952.41
59	500 SHARE INDEX	298.74	+2.1	14.24	6.42	8.49	292.63	292.95	296.78	296.83	308.67
61	FINANCIAL GROUP (119)	239.27	+1.1	—	6.35	—	236.66	236.48	237.96	237.89	252.18
62	Banks (6)	253.82	+1.8	35.18	7.42	3.35	249.41	249.39	250.84	250.32	259.59
63	Discount Houses (10)	246.71	−0.9	—	9.19	—	249.07	251.67	253.96	251.05	300.60
64	Hire Purchase (3)	213.19	−0.8	14.59	8.67	9.49	214.83	214.83	219.60	216.92	227.44
65	Insurance (Life) (10)	243.87	+1.2	—	6.54	—	241.09	240.44	243.59	245.25	263.27
66	Insurance (Composite) (10)	156.69	+0.4	—	8.55	—	156.09	154.68	155.29	155.32	170.12
67	Insurance Brokers (8)	401.65	+1.9	11.50	6.00	11.83	394.29	392.98	394.21	398.39	338.57
68	Merchant Banks (13)	139.44	+0.3	—	5.77	—	139.02	140.40	140.10	143.05	155.39
69	Property (50)	421.13	+1.2	4.60	3.38	29.39	416.31	417.74	422.32	416.53	463.41
70	Miscellaneous (9)	163.61	+1.1	19.82	6.76	6.13	161.81	162.36	163.14	164.89	160.23
71	Investment Trusts (110)	271.01	+0.9	—	5.90	—	268.52	269.22	269.46	273.56	287.92
81	Mining Finance (3)	240.18	+1.4	14.41	5.92	8.35	236.86	241.71	243.31	244.84	267.34
91	Overseas Traders (18)	395.76	−0.1	11.95	7.54	10.64	396.29	396.05	399.21	405.17	458.22
99	ALL-SHARE INDEX (750)	286.73	+1.8	—	6.38	—	281.75	282.12	285.17	285.59	299.28

FIXED INTEREST

	PRICE INDICES	Tues., Oct. 20	Day's change %	Mon., Oct. 19	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	103.97	+0.17	103.79	—	9.10
2	5-15 years	98.07	+0.02	98.05	—	11.03
3	Over 15 years	99.35	+0.11	99.24	—	12.32
4	Irredeemables	108.64	+0.20	108.43	—	9.05
5	All Stocks	100.14	+0.10	100.04	—	10.71
6	Debentures & Loans	77.90	+0.06	77.86	—	8.88
7	Preference	50.82	−0.02	50.83	—	6.14

	AVERAGE GROSS REDEMPTION YIELDS		Tues., Oct. 20	Mon., Oct. 19	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	13.65	13.69	11.61
2		15 years	14.22	14.22	11.60
3		25 years	14.24	14.25	11.60
4	Medium Coupons	5 years	16.30	16.34	13.03
5		15 years	16.04	16.05	13.15
6		25 years	15.49	15.51	12.90
7	High Coupons	5 years	16.09	16.10	13.15
8		15 years	16.23	16.23	13.39
9		25 years	15.69	15.70	13.09
10	Irredeemables†		13.92	13.95	11.10
11	Debs & Loans	5 years	16.65	16.59	13.90
12		15 years	16.72	16.74	13.78
13		25 years	16.72	16.74	13.65
14	Preference		16.75	16.75	14.48

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26½p.

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price p	+ or −	Net Div.	Times covered	Gross yield	P/E ratio
[illegible]											

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price £	+ or −
[illegible]							

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price p	+ or −
[illegible]							

OFFSHORE & OVERSEAS-contd.

Capital International Fund S.A.
43 Boulevard Royal, Luxembourg
Capital Int. Fund | US$25.75 | — |

Central Assets Management Ltd.
Channel Hse., St. Helier, Jersey. 0534-73673
Central Assets | £200.72 | 200.78 | +0.07 | —

Charterhouse Japhet
1 Paternoster Row, EC4 01-248 3999
Emperor Fund* | $7.26 | 7.62 | — | —
Hispano | $43.09 | 45.29 | — | 6.34
*Prices at Sept. 30. Next sub. day Nov. 1.

Chawton Commodities (Isle of Man) Ltd.
29, Athol Street, Douglas, I.o.M. 0624 21724
Normandy Metal Trust | [1.3796 | 1.4522 | — | 4.00
Normandy Com. Tst. | [1.3232 | 1.3929 | — | 4.00

For Clive Investments (Jersey) see Invicta Investment Management

Cornhill Ins. (Guernsey) Ltd.
P.O. Box 157, St. Peter Port, Guernsey
Intnl. Man. Fd. | 228.0 | 248.0 | — | —

Cortexa International
10a, Boulevard Royal, Luxembourg.
Cortexa Intnl. | US$38.86 | — | −1.34 | —

Craigmount Fixed Int. Mngrs. (Jersey)
P.O. Box 195, St. Helier, Jersey. 0534 27561
Gilt Fund (Jsy.) | 87.2 | 87.3 | — | 15.46
Valued weekly Wednesday.

DWS Deutsche Ges. F. Wertpapiersp
Grueneburgweg 113, 6000 Frankfurt
Investa | DM32.59 | 34.25 | +0.10 | —

Delta Group
P.O. Box 3012, Nassau, Bahamas
Delt. Inv. Oct. 16 | $3.64 | 3.82 | — | —
London Agents: Kleinwort Benson. Tel: 01-623 8000

Deutscher Investment-Trust
Postfach 2685 Biebergasse 6-10 6000 Frankfurt
Concentra | DM16.91 | 17.33 | +0.03 | —
Int. Rentenfonds | DM59.43 | 60.92 | +0.48 | —

Dreyfus Intercontinental Inv. Fd.
P.O. Box N3712, Nassau, Bahamas.
NAV Oct. 14 | US$30.10 | 32.02 | — | —

Duncan Lawrie Inv. Mgt. (Jersey)
15-17, New St., St. Helier, Jersey 0534 73637
DL Sterling | 38.3 | 40.2 | — | 6.40
DL International | $1.16 | 1.23 | — | 5.70

Emson & Dudley Tst. Mgt. Jrsy. Ltd.
P.O. Box 73, St. Helier, Jersey. 0534 73933
E.D.I.C.T. | 130.7 | 143.1 | — | —

The English Association
4 Fore Street, EC2. 01-588 7081
E.A. Income Fd.* | 62.1 | 66.1 | — | 7.56
E. A. Sterling* | £70.88 | 70.86 | — | —
E. A. Equity* | £61.23 | 65.14 | — | 1.92

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED

Abbey Unit Tst. Mngrs. (a)

Allen Harvey & Ross Unit Tst. Mngrs.

Allied Hambro Ltd. (a) (g)

Crescent Unit Tst. Mngrs. Ltd. (a)(g)

Darlington Unit Trust Mngt. Ltd.

Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Tst.*

M & G Group (y)(c)(z)

Schroder Unit Trust Managers Ltd.

Cannon Assurance Ltd.

Hill Samuel Life Assur. Ltd.

New Zealand Ins. Co. (UK) Ltd.

Norwich Union Insurance Group

Sun Life of Canada (UK) Ltd.

Sun Life Unit Assurance Ltd.

INSURANCE & PROPERTY

OFFSHORE & OVERSEAS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

1981 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		Public Board and Ind.				
64	57¼	Agric. Mt. 5pc '59-89	58½	......	8.78	14.43
29½	23¾	Met. Wtr. 3pc 'B'	24¾	......	12.32	14.63
114	97	U.S.M.C. 9pc 1982 ...	100	......	9.33	—
97¾	91	Do. without Warrnts.	95	......	9.85	—
		Financial				
101½	94½	FFI 14pc '83	94½	......	14.82	17.09
93½	88½	FFI(UK Fn)5¼pcDb. '80-2.	92¾	......	5.93	14.90
83½	77	Do. 6¼pcDb. '81-84	81	......	7.98	15.32
93	84½	Do. 10¼pc Uns.Ln. '86	86	–1	12.68	16.25
92	80	Do. 11pc Uns.Ln. '88	83	–1	13.81	15.40
92	80	Do. 11¾pc Uns.Ln. '90	82	–½	15.00	16.70
94½	78½	Do. 12¼pc Un. Ln 1992	81	–½	15.66	16.65
64½	54½	Do. 7¼pcADeb. '89-92	56½	......	13.42	16.32
62	51½	Do. 7¼pcADeb. '91-94	52½xd	......	13.91	16.17
72½	60	Do. 9pc 'A' '91-94 ...	61	....	14.96	16.60
70	56½	Do. 8⅞pcLn. '92-97	59	......	15.44	16.60
		Building Societies				
100⅝	98	N'wide 14¼pcBd11.8.82	98½	–1⅜	14.97	—

FOREIGN BONDS & RAILS

1981 High	Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
95	58	Antofagasta Rly...	72	......	—	—
55	53½	Do. 5pc Pref.....	54	......	—	—
98	98	Chilean Mixed.....	98	......	3	13.08
28	14	Chinese 4½pc 1898	20	......	—	—
22	11	Do. 5pc 1912	14	......	—	—
18	8	Do. 5pc 1913	14	......	—	—
16	9	Do. 5pc '25 Boxer	13	......	—	—
94	76½	Denmark 13pc 2005.	78½	–¼	13	17.53
45	36	Greek 7pc Ass.	45	......	3½	18.04

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

INSURANCE

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
45	32	Acmex 50c	45	......	Q2.5c	—	3.5
41	14	ACM 20c	23	......	—	—	—
21	9	Argosy Gold N.L. 25c	9	......	—	—	—
229	134	Bond Corp.	138	−1	Q10c	2.3	4.5
112	70	Bougainville I Kina	75	+4	‡Q25.4c	1.0	‡
302	194	CRA 50c	195	......	Q19c	1.7	5.9
25	10	Canada Northwest	10	−½	—	—	—
35	13	Carr Boyd 20c	15	......	—	—	—
415	43	Central Pacific	43	......	—	—	—
35	9	Cons. Gold Mer. N.L. 50c	9	......	—	—	—
47	13	Coltus Pacific N.L.	17	+1	—	—	—
68	22	Eagle Corp. 10c	30	......	—	—	—
40	26	Endeavour 20c	26#	......	—	—	—
560	310	G. M. Kalgoorlie 25c	460	−20	Q32½c	ϕ	4.3
25	8	Great Eastern	8	−1	—	—	—
185	80	Greenbushes Tin 50c	85	......	Q6c	1.9	4.3
275	138	Hampton Areas 10p	140	......	2.5	3.1	2.6
168	36	Haoma Gold N.L.	36	......	—	—	—
85	20	Intl. Mining	25	......	—	—	—
118	28	Jimberlana (50cFP)	28	......	—	—	—
15	10	Kalbara Min 20c	11		—	—	—
245	135	Kitchener NL 25c	160	−5	—	—	—
105	16	Leichardt Expln.	18	......	—	—	—
430	275	Meekatharra	385	+5	—	—	—
70	40	Metals Ex. 50c	46	+3	¶Q3c	ϕ	3.9
38	20	Metramar Mins. 20cts	22	......	—	—	—
20	10	Mid East Mins. NL	10	−½	—	—	—
290	190	M.I.M. Hldgs. 50c	212	−2	Q15c	ϕ	4.4
21	7½	Minefields Expl 25c	7½	......	—	—	—
20	13	Newmetal 20c	16	......	—	—	—
69	40	Nickelore N.L.	45	+1	—	—	—
204	149	North B. Hill 50c	162	......	Q18c	ϕ	7.0
84	50	Nth. Kalgurli	72	+1	—	—	—
200	94	Nth. Mining Corp.	170	......	♦—	—	—
122	24	N. West Mining N.L.	24	......	♦—	—	—
150	106	Oakbridge 50c	115	+2	Q6½c	ϕ	3.5
185	90	Oilmin N. L.	100	......	—	—	—
188	116	Pacific Copper	116	......	—	—	—
*423	140	Pancont'l 25c	140	......	—	—	—
88	42	Paringa M&Ex. 5p	70	−2	♦—	—	—
525	365	Peko-Wallsend 50c	365	−5	Q15c	—	2.5
43	16	Pelsart Res NL	20	+3	—	—	—
120	58	Seltrust A	62	......	—	—	—
157	18	Southern Pacific	21	......	—	—	—
100	40	Swan Resources 20c	50	......	—	—	—
316	75	Vultan Mins 20c	80	......	—	—	—
18½	8	West Coast 25c	10½	......	—	—	—
130	90	Westn. Cont 50c	95	......	—	—	—
335	227	Westn. Mining 50c	267	+2	Q14c	1.6	3.2
27	14	Westmex	14	......	—	—	—
76	38	Whim Creek 20c	44	......	—	—	—
101	26	York Resources	27	+1	—	—	—

Tins

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
16	8	Amal Nigeria 1p	8	......	‡j6.0	—	—
300	210	Ayer Hitam $M1	210	......	‡Q205c	1.0	‡
210	98	Geevor	165	+5	—	—	—
11	8	Gold & Base 12½p	9	......	—	—	—
660	475	Gopeng Cons.	475	......	Z13.0	1.8	4.0
450	310	Hongkong	320	......	21.0	ϕ	9.4
160	110	Idris 10p	155#	......	‡9.0	0.8	‡
*29	10	Jantar 12½p	19	......	t1.5	4.0	11.3
98	63	Kamunting $M0.50	63	......	Q27½c	0.8	0.0
665	363	Killinghall $M1	490	......	hQ66.7c	ϕ	3.2
114	88	Malay Dredging 10c	105	......	ϕhQ38c	0.9	8.8
68	30	Pahang	32	......	‡0.63	0.8	‡
118	90	Pengkalen 10p	105	......	3.5	0.6	4.8
380	290	Petaling $M1	290	......	‡Q180c	1.4	‡
25	19	South Crofty 10p	24#	......	—	—	—
225	185	Sungei Besi $M1	195	......	Q310c	1.1	37.9
185	90	Supreme Corp. $M1	90	......	gQ15½c	ϕ	4.2
118	100	Tanjong 15p	100	......	3.5	3.7	5.0
90	60	Tongkah H. Tin $Sm	60	......	Q23%	0.4	7.7
410	220	Tronoh $M1	220	......	‡Q110c	1.2	‡

Copper

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
410	165	Messina R0.50	350	......	†Q45c	4.7	7.4

Miscellaneous

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
175	35	Anglo-Dominion	40	......	—	—	—
25½	12	Burma Mines 10p	12	−1	0.75	0.9	8.9
330	85	Colby Res. Corp.	150	......	—	—	—
330	200	Cons. Murch. 10c	290	......	tQ30c	1.8	5.9
10	6	††Explaura Gold	9½	......	—	—	—
98	47	††Hemerdon 10c	62	......	—	—	—
180	65	Highwood Res.	100	......	—	—	—
505	260	Northgate C$1	300	−5	—	—	—
633	372	R.T.Z.	475	+10	16.0	2.3	4.9
£130½	£93½	Do 9¾%CnvLn'95-2000	£107	+1	Q9½%	—	f9.1
103	13	††SPO Minerals 10p	26	......	—	—	—
47	20	Sabina Inds. C$1	24	......	—	—	—
44	21	††S'west Cons. 10p	26	+1	—	—	—
585	465	Tara Expln. $1	565	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ♰ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ★★ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

			IRISH		
Albany Inv. 20p	41	......	Conv. 9% '80/82	£92¼	......
Bertrams	8	......	Nat. 9¾% 84/89	£68⅝	......
Bdg'wtr. Est. 50p	405	......	Fin. 13% 97/02	£72¾	......
Craig & Rose £1	£13	......	Alliance Gas	65	+5
Finlay Pkg. 5p	21½	......	Arnott	212	......
Graig Ship. £1	£20	......	Carroll (P.J.)	77	......
Higsons Brew	63	......	Concrete Prods.	90	......
Holt (Jos) 25p	585	......	Heiton (Hldgs.)	24	+1
I.O.M. Stm. £1	150	......	Irish Ropes	41	......
Pearce (C. H.)	780	......	Jacob	65	......
Peel Hldgs.	105	......	T.M.G.	16	......
Sheff. Refrshmt	90	......	Unidare	60	......
Sindall (Wm.)	190	......			

OPTIONS

3-month Call Rates

Industrials					
		House of Fraser	14	Utd. Drapery	6½
A. Brew	6½	I.C.I.	18	Vickers	18
BOC Intl	11	"Imps"	5	Woolworths	5
B.S.R.	7	I.C.L.	4		
Babcock	9	Ladbroke	13	**Property**	
Barclays Bank	36	Legal & Gen.	20	Brit. Land	7
Beecham	17	Lex Service	10	Cap. Counties	11
Blue Circle	35	Lloyds Bank	28	Land Secs.	30
Boots	18	"Lofs"	3½	MEPC	20
Bowaters	19	London Brick	7	Peachey	15
Brit. Aerospace	17	Lucas Inds.	18	Samuel Props.	13
B.A.T.	28	"Mams"	11	Town & City	2¼
Brown (J.)	8	Mrks. & Spncr	10		
Burton Ord.	12	Midland Bank	26	**Oils**	
Cadburys	8	N.E.I.	8	Brit. Petroleum	28
Courtaulds	5½	Nat. West. Bank	30	Burmah Oil	11
Debenhams	7	P & O Dfd.	10	Charterhall	6
Distillers	17	Plessey	26	KCA	12
Dunlop	7½	Racal Elect.	34	Premier	6
Eagle Star	25	R.H.M.	5	Shell	28
F.N.F.C.	3½	Rank Org. Ord.	18	Tricentrol	25
Gen. Accident	30	Reed Intnl.	25	Ultramar	40
Gen. Electric	55	Sears	5		
Glaxo	28	Tesco	5½	**Mines**	
Grand Met.	16	Thorn EMI	30	Charter Cons.	22
G.U.S. 'A'	44	Trust Houses	15	Cons. Gold	40
Guardian	30	Tube Invest.	18	Lonrho	7
G.K.N.	12	Turner & Newall	10	Rio T. Zinc	45
Hawker Sidd	25	Unilever	50		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 40

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES

Wednesday October 21 1981

AUEW to back BL strike but board firm

By Philip Bassett and Kenneth Gooding

BL's second-largest union, the Amalgamated Union of Engineering Workers, yesterday promised full official support for any of its members employed by the car company who strike over pay from November 1.

Mr Ray Horrocks, BL Cars' chairman, said that while the BL board had no contingency plan "at this time" for the liquidation of the group, there was no questioi of the company increasing its pay offer of 3.8 per cent on basic rates for its 76,000 manual workers.

The endorsement by the AUE engineering section executive of the decision to call a strike over pay means that both BL's main unions—the other is the Transport and General Workers'—now hold the same position of pledging full support for the strikers, without going so far as to instruct their members to take part.

The move by the AUEW, to which Sir Michael Edwardes, BL chairman, has often looked for support, is an indication of the firm line the traditionally moderate union is taking over the dispute.

Request

The union's complex rules meant the executive could not yesterday formally declare the strike official. It must first receive a request from the AUEW district committee involved, which is normally not made until a strike is underway.

However, the pledge by Mr Terry Duffy, AUEW president, that all those who went on strike would receive the union's full £12 weekly strike pay is as far a move towards official backing as the union can give at this stage. Both the AUEW and the TGWU are reluctant to issue actual strike instructions because of BL's threat to jobs.

Mr Duffy looked to a meeting planed for tomorrow between BL and its unions as the hope for averting the strike, which he said would otherwise be "the most damaging since the war."

Mr Roy Horrocks, a main board director, said yesterday that the unions had not completed normal wage negotiations. They had shown "amazing reluctance" to discuss the car group's incentive programme.

It was unreal to ignore the programme because it had improved the basic pay award of 6.8 per cent last year to an actual rise of 13.5 per cent at most plants.

Letter

Mr Horrocks rejected suggestions that the letter sent to employees before the mass meetings last week involved misjudgement by the management.

The letters had been sent to enable the workforce to "be fully aware of the pluses and minuses" of the current situation within BL Cars. For example it had been pointed out that given a satisfactory outcome of the pay negotiations there were 30,000 jobs at the two main plants, Cowley and Longbridge, where the prospects for the future were "as bright as any in the country."

He said the Government fully understood BL's point of view and was supporting it.

Backing for BL's stand came yesterday from Sir Ray Pennock, president of the Confederation of British Industry. He said that companies should only pay wage rises that they could afford.

This was leading a considerable number to offer no rises this winter. "Sir Michael should stand firm on the offer he has made," he declared.

Russia recognises the PLO

BY OUR FOREIGN STAFF

THE SOVIET UNION has granted the Palestine Liberation Organisation "official diplomatic status," in a move demonstrating its determination to give more support for Arab political forces opposed to the U.S. and Egypt.

Announcement of the decision came on the second day of the visit to Moscow by Mr Yasser Arafat, chairman of the PLO.

This is seen by diplomats as a direct response to the U.S.-Israeli "strategic consensus" and the higher U.S. profile taken in the Middle East since the assassination of President Anwar Sadat.

For the PLO the Soviet decision marks one of the most significant steps in its long campaign to be recognised as the sole legitimate representative of the Palestinian Arab people since Mr Arafat's address to the UN General Assembly in 1974.

The announcement followed talks between Mr Arafat and President Leonid Brezhnev. The Soviet leader told the guerrilla chief that Moscow would "always be on the side of the just cause of the Palestinians," said the official news agency, Tass.

It said: "The participants in the talks particularly noted the significance of cohesion and strengthening of unity of Arab States and all patriotic forces of the Arab world as one of the decisive factors in the struggle against the plots of imperialism and Zionism, and for the establishment of a true peace in the Middle East."

The Soviet decision is in line with its rejection of the Camp David peace process, and Mr Brezhnev's call last February for a peace conference to replace it. The timing, however, arises from the Kremlin's wish to exploit the mounting Arab opposition to the Middle East peace process.

Hitherto Soviet policy has been to leave the question of the PLO's status until the reconvening of the Geneva Conference, of which Russia was a co-chairman together with the U.S. Its aim has been to establish itself as a legitimate participant in international attempts to solve the Middle East problem.

Bid to stop Sinai evacuation, Page 4

Cabinet warned of tax rises if no agreement on spending cuts

BY RICHARD EVANS, LOBBY EDITOR

THE ARGUMENT within the Cabinet over the scale and distribution of further public expenditure cuts was launched yesterday with a warning that failure to reach agreement would result in higher taxes and continued high interest rates.

No decisions were taken at yesterday's three-hour meeting, when ministers were asked by Sir Geoffrey Howe, Chancellor, to submit specific proposals for discussion at Cabinet tomorrow week.

It is at this and a series of subsequent meetings in the next few weeks that the future of the Treasury's medium-term financial strategy and the direction of the Government's economic policy will be determined.

The Treasury's tactic in this round of public spending cuts is radically different from last year, when the Chancellor and his colleagues suffered a psychological reverse when they achieved only half the target they had set.

This time the target is simply to cover by further cuts as much as posssible of the £6.5bn prospective over-spending for 982-83.

Economic ministers have already conceded that there is no way that the total amount can be clawed back, but they are seeking to prevent a further serious political reversal for Mrs Thatcher and the Chancellor.

If ministers agree to a higher proportion of the cuts sought by the Treasury, the prospect of more aid to industry and tax cuts will be held out. But if the cuts are regarded as inadequate, the alternative of higher taxes and high interest rates will be presented.

The indications at the Blackpool party conference last week were that an influential grouping of Cabinet ministers did not accept the Treasury's arguments and were preparing to oppose major cuts.

They will have the support of many backbench Tories, who are becoming increasingly worried at the impact the Treasury strategy is having on unemployment and on the Government's electoral prospects. They advocate increased Government spending, rather than more cuts.

The scene is thus set for a battle over the next few weeks that could decide the future direction of economic policy, and Mrs Thatcher's authority over her Cabinet.

Mr Leon Brittan, Chief Secretary to the Treasury, will spend the next week in discussions with the major spending departments on a range of options.

The Opposition is to put early pressure on the Government with a censure debate on unemployment early next week, probably on Tuesday, after Mrs Thatcher's return from her talks in Mexico on Third World problems.

Mr Michael Foot, leader of the Opposition, announced the tactic yesterday. The purpose, apart from highlighting the scale of unemployment, is to seek to persuade Conservative critics of the government to come out into the open.

The censure motion, to be moved by Mr Foot and Mr Denis Healey, Labour deputy leader, condemns the "shameful levels" of unemployment, the damaging blows to British industry from Government policy, and the failure to offer hope of recovery.

Parliament, Page 12

Davy wins big Mexican plant job

By William Chislett in Mexico City

DAVY LOEWY, the manufacturing arm of Davy Corporation, Britain's biggest engineering contractor, and Sidermex, the Mexican state steel holding company, have reached agreement in principle for the UK company to build a 15.4bn pesos (£330m) steel platemill.

The contract, won in the face of international competition, is worth almost twice the value of the UK's total exports to Mexico last year. It is also the largest put out to tender by the Mexican public sector.

The agreement is Davy's second success within a month in winning a contract to build a major steel development.

At the end of September the Indian Government announced that Davy McKee, the group's heavy engineering division, in partnership with French and West German companies, would be responsible for a £1.25bn development at Paradip—one of the biggest-ever steelworks contracts.

The Mexican contract is for provision of a mill to produce 1.5m tonnes per year of steel plate up to four metres wide. It is a turn-key project for Mexico's "sicartsa expansion" for which Davy Loewy will provide everything from engineering to services and training.

The expansion is taking place at Lazaro Cardenas on Mexico's Pacific coast. Under the plans for this project, annual raw steel output will be raised by 2m tonnes to 3.3m tonnes at a cost of more than £1.2bn.

According to the national steel plan, Mexican demand will more than double by 1990 to 26m tonnes. The goal is to produce as much of this as possible in Mexico.

Davy Loewy was given the letter of intent on the Sicartsa deal on Monday and over the next 60 days will finalise financing and technical details with Sidermex. Confirmation of the award is expected over the weekend.

Poehl urges UK to join EMS

BY DAVID MARSH

BRITAIN SHOULD join the European Monetary System (EMS) at "the appropriate moment" to help to stabilise sterling against other European currencies, Herr Karl Otto Poehl, the president of the West German Bundesbank, said yesterday.

In a speech in London in which he underlined the need for a strong role for central banks to counter exchange market instability, Herr Poehl stressed that he sympathised with the British Government's "cautious approach" on membership of the EEC's currency scheme. Sterling's recent volatility had made it inadvisable hitherto to join.

But he added: "There are obvious political arguments in favour of participation as soon as possible, and there are technical and other reasons as well that would support the case."

Addressing a meeting of businessmen and economists, organised by the Conference Board, the economic research institution, Herr Poehl said the EMS would not be complete without Britain.

Support by a major EEC central bank for eventual British membershsip may inject a new element into the debate in the UK about whether sterling should be part of the system.

The Treasury has been lukewarm towards the scheme, partly because senior ministers doubt whether Britain's EEC partners are keen on a link with sterling.

Emphasising that central bank intervention on the foreign exchange markets had a role to play in dampening currency fluctuations, Herr Poehl implicitly criticised the non-intervention policy of the U.S. Government.

He also indicated his opposition to the idea being aired in the U.S. of a return to the gold standard.

Defending central bank attempts to steady currencies, he said that erratic exchange rate fluctuations had aggravated economic and financial problems and that the strength of the dollar earlier this year had added to European inflation by pushing up import prices.

Intervention was not a substitute for other policies, but could be used to enhance the credibility of measures designed to correct a country's external imbalance.

Affirming the need for close co-operation between central banks, he said: "Central banks will be called upon ever more urgently to do something about the volatility of exchange rates the longer it continues."

He said he supported the view expressed last month by Mr Gordon Richardson, the Governor of the Bank of England, that intervention was needed at times to avoid unnecessary in-

The EMS, now two and a half years old, had worked better than he expected. But inflation differentials among the EEC members had continued to grow

Exports Continued from Page 1

The hold up in the trade figures—no statistics had been released since the February figures came out in March—was due to the civil servants' dispute which ended in July.

There is still a heavy statistical backlog, which means that the full trade figures for the March-August period are not yet available.

At the moment imports, but not exports, have been calculated for March and April. The full set of missing figures will probably not be published for a year.

The department stressed yesterday that, because of the variability of monthly data, the September figures are of only limited use in assessing trends.

Whitehall officials point out, however, that the figures provide further evidence that the recession reached its low point around the early summer.

The volume om imports last month grew by a full 25.8 per cent, seasonally adjusted, compared with the average for the first four months of the year. Nearly all categories of imports —particularly capital goods and intermediate goods, for which demand might be expected at the start of an upturn—shared in the rise.

Weather

UK TODAY

SHOWERS with some sunny intervals. Cold and windy.

London, most of England, Wales, N. Ireland, S.W. Scotland
Sunny intervals and showers. Max. 9C (48F).

N.E. England, Borders, rest of Scotland
Mostly cloudy, rain at times. Snow on hills. Max. 7C (45F).

Outlook: Unsettled, rather cold.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	20	68	L. Ang.†	F	17	63
Algiers	F	27	81	Luxmbg.	C	20	68
Amsdm.	R	9	48	Luxor		—	—
Athens	C	24	75	Madrid	S	21	70
Bahrain	F	31	88	Majorca	C	22	72
Barclna.	F	22	72	Malaga	C	24	75
Beirut	S	27	81	Malta	F	26	79
Belfast	C	7	45	Mchstr.	F	7	45
Belgrd.	S	21	70	Mélbne.	C	19	66
Berlin	R	13	55	Mx. C.†		—	—
Biarritz	F	16	61	Miami†	S	21	70
Bmghm.	S	8	46	Milan	F	17	63
Blackp'l	C	8	46	Montr'l†	S	1	34
Bordx.	C	16	61	Moscow	C	4	39
Boulgn.	C	8	46	Munich	S	15	59
Bristol	S	11	52	Nairobi		—	—
Brussels	R	13	55	Naples	F	23	73
Budpst.	S	18	64	Nassau		—	—
Cairo	S	31	88	Nwcstl.	S	9	48
Cardiff	S	9	48	N York†	S	5	41
Casbca.	F	25	77	Nice	C	20	68
Cape T.	S	30	86	Nicosia	C	27	81
Chicg.†	F	7	45	Oporto	S	22	72
Cologne	C	12	54	Oslo		—	—
Cpnhgn.	R	9	48	Paris	C	14	57
Corfu	S	25	77	Perth	S	21	70
Denver†	F	7	45	Prague	C	14	57
Dublin	F	9	48	Rykjvk.	S	1	34
Dbrvnk.	S	22	72	Rhodes	S	23	73
Ednbgh.	F	10	50	Rio J'o†		—	—
Faro	F	26	79	Rome	F	22	72
Florence	C	20	68	Salzb'rg	S	17	63
Frankf't	R	11	52	S'cisco†	C	11	52
Funchal		—	—	S. M'ritz		—	—
Geneva	C	15	59	Singapr.		—	—
Gibrltr.	F	22	72	S'tiago†		—	—
Glasg'w	F	8	46	Stckhm.	C	8	46
G'msey	C	11	52	Strasb'g	C	13	55
Helsinki	R	4	39	Sydney	F	19	66
H. Kong	C	25	77	Tangier	F	25	77
Innsbr'k	S	16	61	Tel Aviv		—	—
Invrnss.	C	7	45	Tenerife		—	—
I.o.Man	C	9	48	Tokyo	C	19	66
Istanbul	F	20	68	Tor'nto†	F	5	41
Jersey	C	11	52	Tunis	S	27	81
Jo'burg	F	18	64	Valencia	F	22	72
L. Plms.	C	23	73	Venice	C	18	64
Lisbon	S	24	75	Vienna	S	18	64
Locarno	C	15	59	Warsaw	C	14	57
London	C	11	52	Zurich	F	13	55

C—Cloudy. F—Fair. R—Rain. S—Sunny
† Noon GMT temperatures.

Soviet gasline talks open today

BY KEVIN DONE IN HAMBURG

THE Soviet Union and a consortium of West German gas importers led by Ruhrgas begin crucial final negotiations in Essen today on the price to be paid for the planned large deliveries of Russian natural gas to West Germany.

Proposed supplies of 12bn cubic metres of gas a year are the biggest share of total deliveries of 40bn cubic metres a year (about 30 per cent of Western Europe's present annual gas requirement), under negotiation between Moscow and six West European countries. The gas would be carried through the pipeline linking Siberia with Western Europe.

Mr Yuri Baranovsky, chairman of the Soviet State agency Soyuzgasexport, said yesterday that first deliveries under the new project were due in 1984 at a level of about 15bn cubic metres a year.

The "plateau" of 40bn cubic metres a year would be reached in 1987, and deliveries run for 20 years.

It appears that after months of tough negotiations Russia and the Germans are close to agreement on an acceptable pricing formula. Dr Burgard Bergmann, who leads the negotiations for Ruhrgas, said: "We have been successful in three previous sets of negotiations, so why not a fourth?"

The Russians appear ready to meet German demands for basing the natural gas price on the prices of other competitive fuels. Mr Baranovsky said that Russia was not demanding parity pricing with crude oil in the new gas contracts.

The formula being negotiated with Ruhrgas would be based mainly-on gas oil, which is used mainly for heating, and low sulphur fuel oil, used to fire industrial boilers, together with a certain premium element.

The negotiations follow an agreement last week between Snam, the Italian State energy body, and Russia under which Italy has agreed to take up to 8.5bn cubic metres of gas beginning in 1984.

Italy is firmly committed to taking gas from the pipeline.

The chairman of Soyuzgasexport said that the final route for the pipeline through Eastern Europe had not yet been decided but two main alternatives were under study.

The first possibility would be a line leading directly through Czechoslovakia to West Germany. The second is through Hungary to Austria and Italy, with a spur line through Czechoslovakia to West Germany.

"It is proposed to build a pipeline of about 4,500 kilometres (2,900 miles) which will connect the northern Siberia gasfields with the Western border of the USSR," said Mr Baranovsky. "It is envisaged that the gas transporting system will be of 1,420-millimetre diameter pipes with a working pressure of 75 atmospheres.

"To bring the Soviet natural gas to the borders of Austria and West Germany a special transit system of about 900 kilometres length should be built on the territory of third countries."

He said no direct approach had come from the West Berlin gas utility for a supply line to that city. No negotiations were in progress, but other West German gas companies had reported that West Berlin could be interested in supplies of about 1bn cu metres of natural gas a year.

The first plant and equipment orders for the pipeline project were placed by Moscow with Western contractors in the past two weeks. Total orders are expected to be worth DM 8bn-10bn (£2bn-£2.4bn).

THE LEX COLUMN

Trade surplus now barely visible

A surplus on visible trade of just £13m for September, and an overall current balance of £147m including the estimated surplus on invisibles, is well within the range of expectations. A single monthly figure can, of course, deviate significantly from the underlying trend, and the financial markets scarcely reacted to the first trade statistics for six months. All the same, the figures do provide evidence that a fairly major change in the UK economy may have taken place during the summer months.

The surprsiing feature is the very large jump in the volume of imports in September compared with the levels recorded in the previously published data for January and February, ahead of the civil service dispute that halted the calculations. The March and April import figures are also now released, and these show that imports continued to be weak into the spring. That much could anyway have been guessed from company sector statistics, which have shown a continuing high rate of destocking in the April-June quarter. But now the volume of non-oil imports, admittedly only on the evidence of a single month, has suddenly jumped by around a quarter.

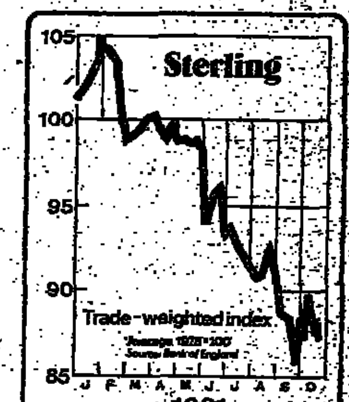
The overall balance of payments impact has been limited by a good export performance and a large oil surplus. But there could be quite powerful financial implications if the company sector, which was in substantial financial surplus in the first half of the year, has ended its stocks run-down. This could explain the recent strength of bank lending, and would provide a logical background for the recent rises in sterling interest rates.

Markets

Sterling was in the dumps again yesterday, slipping more than two cents against the dollar despite Bank of England support and closing 0.7 points down, at 87.3, on its trade-weighted index. The gilt-edged market found it difficult to make headway in these conditions, but equities were posively lively. The FT 30-Share Index, up 11.4 at two o'clock, finished with a gain of 9.0 points.

Much of the interest was in the oil sector, which took comfort from hopes of a reunification of OPEC prices at $34 a barrel—which could well lead to a higher North Sea price as well as to the elimination of the Aramco partners' cost advantage which has been so tiresome to

Index rose 9.0 to 473.3



BP and Shell. In addition, the breaking of British Gas's purchasing monopoly is a help to those companies with gas interests; the little matter of a flotation of BNOC shares does not seem to be worrying the market just yet.

This firmer tone provided just the right sort of background for today's scheduled underwriting of just under half the shares in Cable and Wireless ahead of the offer for sale next week. Indeed, with the equity market as thin as it is at present and the jobbers so very nervous, it would not have been too difficult for a little friendly buying to have a disproportionate effect on prices.

Westdeutsche

If Westdeutsche Landesbank succeeds in its quest for DM700m of new equity, the bank's paid-up capital will almost have doubled within a year. This latest injection alone would increase reported net worth by a quarter.

WestLB only made a profit last year thanks to the contribution from mortgage lending and the underlying performance in 1981 is unlikely to be any better, even allowing for the recent decline in West German interest rates. The bank will again conserve cash by omitting its dividend but still needs funds to prepare for the tougher capital ratios which are likely to follow the compulsory consolidation of foreign subsidiaries.

Growth is not a top priority at any German bank at present and WestLB's virtual absence from the tombstones of syndicated eurocredits is understandable. But it may bounce back from the current depression less enthusiastically than some of its competitors. WestLB believes that the proposed capital injection should tide it over for about three years and, with state government spending under pressure, its shareholders may want to hold it to its word.

Paterson Zochonis

Up 10p yesterday to 125p, Paterson Zochonis "A" shares are still 40p short of their spring peak and the market's interest, which had been fuelled by the group's stake in the oil-backed Nigerian economy, is not about to return in a hurry.

But, whatever the implications for imported goods in the next Nigerian budget and however sluggish the country's vital oil revenues remain, PZ has established an extensive indigenous manufacturing presence which, despite a 35 per cent rise in group pre-tax profits to £29.51m, has still to pull its weight fully.

If all goes according to plan, both the refrigeration and cosmetics businesses in Nigeria should reap the benefits of major capital spending. It may be a sign of PZ's standing within the community that it is only the second UK domiciled group to raise local finance by tapping the fledgling Nigerian bond market—raising 15-year money on a 9¼ per cent coupon at that.

So, in spite of a continued high rate of fixed asset investment, the balance sheet is very liquid and the dividend, yielding 5 per cent, remains well covered.

Argyll/Linfood

Argyll's formal offer document for Linfood runs to 43 tightly printed pages. The contents boil down to one simple argument for acceptance; that Mr James Gulliver, Argyll's chairman, can squeeze more profits out of the assets than Linfood's present management. However, while Mr Gulliver's record in expanding businesses is second to none, his performance in terms of profitability has been more obscure.

Meanwhile, the usually sound policy of holding on until the last moment may not be quite so risk-free for Linfood shareholders as in other recent takeover battles on this scale. Because the cash alternative is underwritten it is not certain to be extended beyond the first acceptance date of November 10. But before then the crux of the contest is likely to swing to the profit forecasts that will be emphasised in Linfood's defence.

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